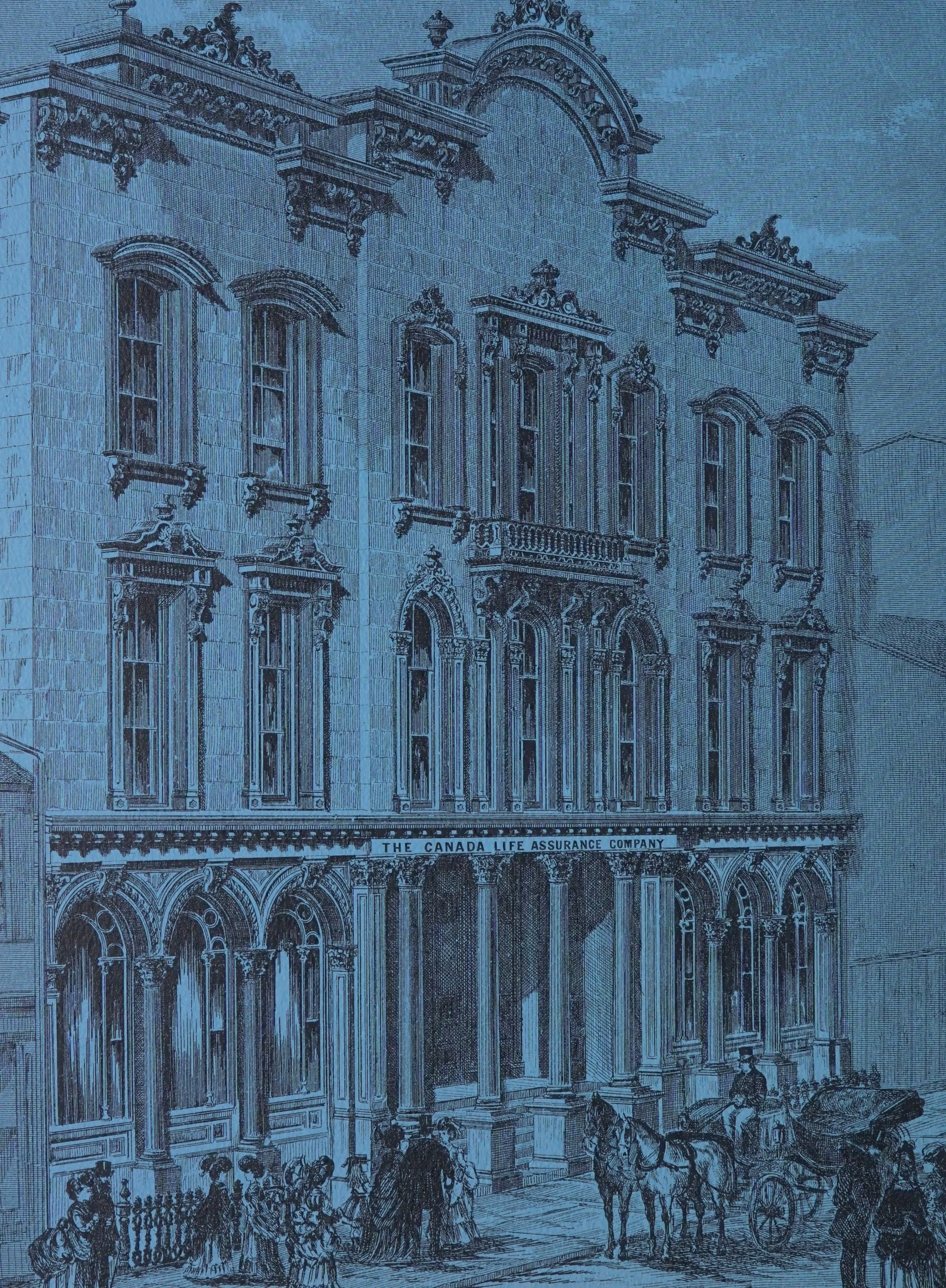
Since 1847


THE CANADA LIFE ASSURANCE COMPANY

Since 1847

THE CANADA LIFE STORY

An authentic and often colorful account

of the first Canadian life assurance company

from its founding at Hamilton in the

Province of Canada in 1847

to the present day

That life assurance societies will succeed in this my adopted land, I cannot for a moment doubt. Originating as they do in the purest motives of humanity, based upon the surest calculations and conducted upon the most impartial principles of equity, they must run a triumphant course, lessening the sum of human misery and exerting a healthy moral influence.

President-Founder Hugh C. Baker, 1848.

The Province of Canada and the Maritime Provinces of British North America in 1847, and some of the principal towns.

Foreword

In the middle 1840's, twenty years before their fusion in the Canadian Confederation, apprehension was widespread in the isolated British North American colonies.

Sparsely-populated, scattered communities were separated by immense distances and rugged, physical barriers of hills and rocks, forests and rapids. Lines of communication, where they existed, were scant. Even though the link with Britain was a three-week Atlantic voyage, it was far easier for people to go there from Montreal or Toronto than to travel to the Pacific coast.

The old economy, based on the cod fisheries, fur trade and the sale of square timber, was becoming obsolete. However, Britain and the United States were beginning to look to British North America as a source of food for their industrial workers and a new market for their manufactured goods.

There had been high hopes that the St. Lawrence could become a mighty commercial funnel. It would transport the produce of the Great Lakes area, and eventually the mid-West, to the Atlantic tideline, where it would be transshipped for the voyage to the Old World. But this dream had faded as canal construction in the Province of Canada was delayed by dwindling credit, political bickering and the vigorous expansion in the United States of a new threat to waterways—the railway.

There was no evidence of these uncertainties in the rapidly developing economy to the south where pioneers were streaming westward, eagerly seeking new lands and gold. With the discovery of rich resources came rapid improvements in transportation and communications. Already there were thirty-nine states in the Union.

Meanwhile Britain, well-established both economically and politically, moved toward universal free-trade and away from preferences for her colonies. In 1846 the price of grain came down when Britain's corn-importing laws were repealed in an effort to make food more plentiful following the disastrous effects of the Irish potato famine. Also reduced were the prices paid to the colonies for their square timber.

These were heavy blows to British North America where a new Governor-General, Lord Durham, had encouraged the resumption of canal construction after five years of inactivity. The loss of preferential overseas treatment for their products made many Canadians feel that the building of the canal was futile. As a result, merchants and millers, who were particularly hard hit, began to explore markets in the United States.

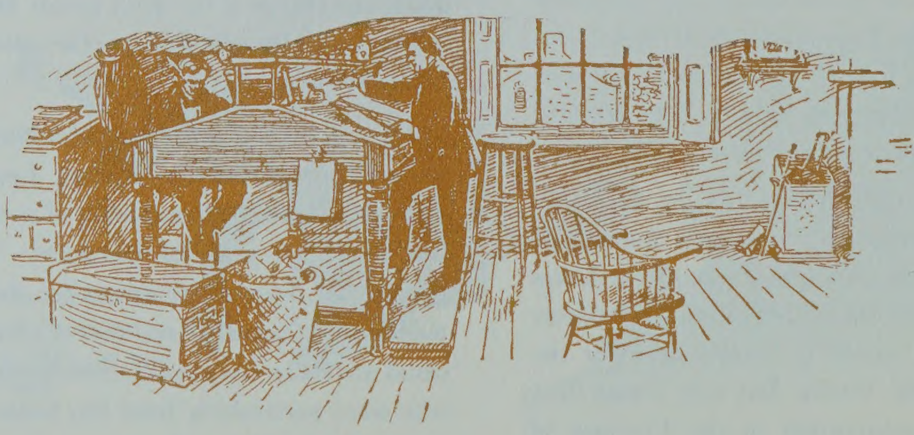
In 1847, British North America had less than ten towns with populations over 10,000. The telegraph

had arrived and postage stamps were soon to come. But the telephone and typewriter were still decades away. Many publishers of newspapers struggled for their financial lives.

For many then, these were troubled times. In retrospect, 1847 seems an unlikely year in which to launch the first Canadian life insurance company. However, the decision to do just that was made by Hugh Cossart Baker, a practical young man of vision, living in Hamilton in the western portion of the Province of Canada.

He had optimism, foresight and confidence in his country's prospects. He was also convinced that life insurance offered a service that should be within everybody's reach.

The pioneering company that started out as a sideline to his banking career became, even within his short lifetime, a major success in Canada's business world. Since then, it has been a continual leader in what is now a vital, international industry. Only eight other life companies in North America can match its length of service to the public.



In 1847, Canada Life began in temporary, rented quarters on the top floor of the Mechanics' Institute in Hamilton.

Where Harmony Exists

Today, the skilled services offered by life insurance companies are no further away than a telephone call and it is easy to take them for granted. But in Canada, one hundred and twenty-odd years ago, the task of obtaining coverage was far from simple.

In 1845, Hugh Baker, aged twenty-seven and a bank manager in Hamilton, wanted protection for his wife and family. At that time the sole outlet for insurance in British North America was the small branch office of a British company that had been opened a dozen years before in Quebec City. And that was about 550 miles away. Baker decided to do business with another British firm through its office in New York City.

To comply with that company's requirements, he travelled personally to New York. He rode horseback from Hamilton to the New York State boundary, took a stagecoach across the northern part of the state and then voyaged by steamer down the Hudson River to New York City. There he insured himself at a premium that was one per cent above normal rates, due to the "climatic hazard of living in Canada". Then he headed home, completing a round-trip of a thousand miles.

But despite the discomforts of mid-nineteenth century transportation, the journey yielded a far-reaching bonus: Hugh Baker had time to think about the nature of the service he had travelled so far to obtain, together with the impact it could have on other Canadians.

He was quick to appreciate that life insurance was unique because there was nothing immediately given for the money that was paid out; rather, its returns came in the future and were, as Baker expressed it later in a public lecture, "based on the beautiful science of probabilities".

But to him its main appeal lay in the fact that life insurance was already providing financial security for thousands in the United States and in Great Britain, where it was a flourishing institution of recognized function and status. Surely Canadians were also entitled to similar benefits, reasoned Hugh Baker. And surely the thrifty possessors of this thinly settled, struggling country of great potential would respond to such benefits when readily available.

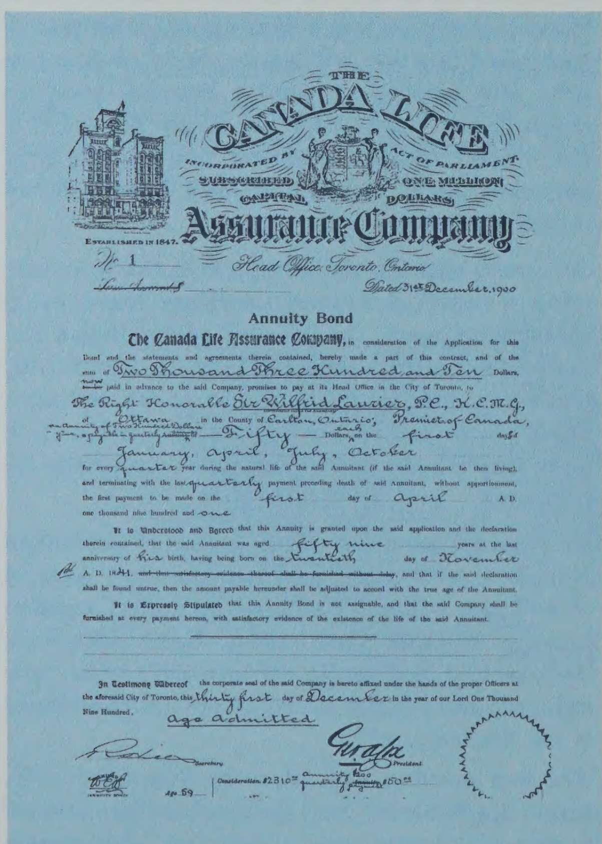
So, armed with a sound idea, a keen mathematical mind, a wealth of business experience, and a capacity for hard work, the bearded young British immigrant began to organize a company. Despite the unrest that infected many sectors of the economy, Baker's vigor and ability enabled him to launch it some two decades before any other Canadian life company.

He won the support of a number of prominent Hamilton professional and business men, some of whom bore names well-known in early Canadian history: Burton, Cartwright, Kerr, MacNab, Thomas and Young. In the formative years their influence and prestige strengthened the foundations of the new enterprise.

The first meeting took place in November 1846, and by the following May the proposed formation of a mutual company was announced. But despite

Canada's first telegraph line connected Niagara Falls, St. Catharines, Hamilton and Toronto in 1847, the year Canada Life was founded. This sketch of the operator is one of a series drawn by Tom McLean for Canada Life thirty years ago. Others appear throughout this book.

Holder of the first Canada Life annuity bond was Sir Wilfrid Laurier, the Prime Minister of Canada from 1896 to 1911.



THE CANADA LIFE

INCORPORATED BY ACT OF PARLIAMENT. SUBSCRIBED CAPITAL ONE MILLION DOLLARS

Assurance Company

ESTABLISHED IN 1847.

No 1

Head Office: Toronto, Ontario

Dated 31st December, 1900

Annuity Bond

The Canada Life Assurance Company, in consideration of the Application for this Bond and the statements and agreements therein contained, hereby made a part of this contract, and of the sum of Two Thousand Three Hundred and Ten Dollars, now paid in advance to the said Company, promises to pay at its Head Office in the City of Toronto, to The Right Honorable Sir Wilfrid Laurier, P.C., K.C.M.G., of Ottawa in the County of Carlton, Ontario, Premier of Canada, an annuity of Two Hundred Dollars a year, payable quarterly — Fifty — Dollars each on the first days of January, April, July, October for every quarter year during the natural life of the said Annuitant (if the said Annuitant be then living), and terminating with the last quarterly payment preceding death of said Annuitant, without apportionment, the first payment to be made on the first day of April A. D. one thousand nine hundred and one

It is Understood and Agreed that this Annuity is granted upon the said application and the declaration therein contained, that the said Annuitant was aged fifty nine years at the last anniversary of his birth, having being born on the twentieth day of November A. D. 1841, ~~and that satisfactory evidence thereof shall be furnished without delay~~, and that if the said declaration shall be found untrue, then the amount payable hereunder shall be adjusted to accord with the true age of the Annuitant.

It is Expressly Stipulated that this Annuity Bond is not assignable, and that the said Company shall be furnished at every payment hereon, with satisfactory evidence of the existence of the life of the said Annuitant.

In Testimony Whereof the corporate seal of the said Company is hereto affixed under the hands of the proper Officers at the aforesaid City of Toronto, this thirty first day of December in the year of our Lord One Thousand Nine Hundred.

age admitted

Secretary

President

Age 59 | Consideration $2310.00 annuity $200 quarterly payment $50.00

the distinction of its backers, their bid for a charter was rejected by the Provincial Legislature. A skeptical politician, in reviewing the funds available for the enterprise, declared that the only capital that the petitioners had was their "assurance".

But Baker was not discouraged that easily. His hope gone for a mutual company without shares, with policyholders owning the assets, he merely revised his tactics. As the Provincial Legislature had refused a charter, he organized a company without one. The Canada Life Assurance Company was established on August 21st, 1847. The capital needed was £50,000 in five hundred shares of £100.

Two months later, Baker and sixty-two other individuals, including some in Toronto and one near Montreal, had become shareholders. Canada Life was now a reality.

Twenty directors were elected at the shareholders' first meeting. At the age of twenty-nine, Hugh Baker assumed a triple burden as president, general manager and actuary. The first policy was issued to him dated November 9th, 1847. Because of his asthmatic condition, the directors decided he would be insured for only £500, half of the coverage that he had requested. This was an early example of the scrupulousness that was to be a hallmark of the company. From the start it put integrity and sound business practice first; even if this meant going against a president's personal wishes.

A half-dozen agents, on commission in Hamilton, Toronto, London and Montreal, began the major task of introducing life insurance to Canadians. Meanwhile, the directors met once a week in a rented office on the top floor of the Mechanics' Institute. The local Hamilton press noted that Canada Life's first home had "dingy walls, a low ceiling and common deal furniture". Nevertheless they were in business and made up in enthusiasm and enterprise for whatever they lacked in office decor. From the start they showed a pioneering spirit and offered sound protection with absolute guarantees.

The directors relied heavily on president Baker's self-taught knowledge of insurance and actuarial techniques based on British experience. With communication poor, there was rarely time to seek

The first policy issued by a Canadian life insurance company was on the life of Hugh C. Baker, founding president of Canada Life.

CANADA LIFE ASSURANCE COMPANY.

No. 1

9th November 1847.

Established, 21st August, 1847.

CAPITAL-£50,000.

SUM ASSURED, £ 500. 0. 0

ANNUAL PREMIUM, £ 12. 6. 3
SEMI-ANNUAL, - - 6. 5. 10
QUARTERLY, - - 3. 4. 2

Whereas Hugh Cossart Baker — — — — — of the — City — — — — of Hamilton — — — — — in the District of Gore — — — — — — and Province of Canada, Agent of the Bank of Montreal — — — — — — — — the Person Assured by this Policy is desirous, and has proposed, to effect an Assurance with **The Canada Life Assurance Company,** in the sum of five hundred — — — — — — — — — Pounds, on the Life of himself — — — — — — — — — — — — for the whole continuance thereof; and hath caused to be delivered into the Office of the said Company, a Declaration or Statement in writing, signed by the said Hugh Cossart Baker — — — — — — — — bearing date the twelfth — — — — — day of October — — — — — , in the Year of Our Lord One Thousand Eight Hundred and forty seven — — — — — whereby it was declared, among other things, that the Age of the said Hugh Cossart Baker — — — — — — — — — did not then exceed thirty — — — — — — years; that he was not then, nor had he ever been, afflicted with any disorder which tended to the shortening of Life; and that he had not withheld any material circumstance or information, touching his past or present state of health or habits of life with which the said Company ought to be made acquainted; and that he the said Assured, agreed that such Declaration or Statement should be the basis of the Contract for such Assurance between him and the said Company.

And Whereas, the said Assured hath paid the Sum of twelve pounds six shillings and three pence — — — — — — — — — — a Premium for the Assurance of the said sum of five hundred — — — — — — — — — — — — Pounds for One Year, commencing on the ninth — — — — — — — — day of November 1847 — — and terminating on the eighth — — — — — — — — — day of November 1848 both inclusive.

Now this Policy Witnesseth, that We, Three of the Trustees of the said Company, do hereby agree, that if the said Hugh Cossart Baker — — — — shall Die before or upon the eighth — — — — — — — — day of November — — in the Year of Our Lord One Thousand Eight Hundred and forty eight — — — — — or if he shall survive that day, and he or his Assigns shall, before or upon the eighth — — — — — — — — day of November — — — in each and every succeeding year during which he the said Hugh Cossart Baker — — — — — — — — — — — shall be living, pay to the said Company, through their Directors, Trustees, or other Officers for the time being, the Annual Premium or Sum of twelve pounds six shillings and three pence — — — — the Funds and Property of the Company shall be subject and liable, according to the Company's Deed of Settlement, to satisfy and pay unto the Executors, Administrators, Appointees, or Assigns, of the said Hugh Cossart Baker — — — — — — the sum of five hundred — — — — — — — — — Pounds, of lawful money of Canada, within Three Calendar Months, next after proof shall have been given to the satisfaction of the Directors, of the death of the said Hugh Cossart Baker — — — — — — — together with such further Sum or Sums, if any, as shall have been assigned to or in respect of this Policy, pursuant to the Rules and Regulations for the time being of the said Company, as or by way of Bonus or addition to the Sum hereby Assured; deducting therefrom, however, any Sum or Sums of money which may remain due upon the Policy by reason of the said Hugh Cossart Baker — — — — — having elected to pay the Premium in semiannual or quarterly Instalments.

Provided Always, that the Primary Fund for liquidating the Policies issued by the said Company shall be the accumulated Premiums and Profits thereof; and that the Stockholders shall not be liable beyond the several amounts mentioned in the Endorsement hereon, Number Five; and that after the legal transfer by any Proprietor in accordance with the provisions of the said Deed of Settlement, of his or her Share or Shares, the person to whom such transfer shall have been made, and not the transferring Proprietor, shall be answerable for such unpaid part of such Shares.

Provided Also, that in case any fraudulent or untrue allegation be contained in the said received Declaration, or in the Proposal therein referred to, or in any of the Testimonials or Documents addressed to or deposited with the said Company, in relation to the said Assurance, then this Policy shall be void, and all monies paid thereunder shall be forfeited to the said Company.

Provided Also, that this Policy, and the Assurance hereby effected, are and shall be subject to the Conditions and Regulations hereupon Endorsed, so far as the same are and shall be applicable in the same manner as if the same respectively were repeated and incorporated in this Policy.

In Witness Whereof, We, three of the Trustees of the said Company, have hereunto set and subscribed our Hands, at the City of Hamilton, this seventeenth — — — — day of March — — — in the Year of Our Lord One Thousand Eight Hundred and forty eight.

Entered,
Thos McSimons
Secretary

Hugh C Baker
Geo S Tiffany
Sartwright Thomas
Trustees

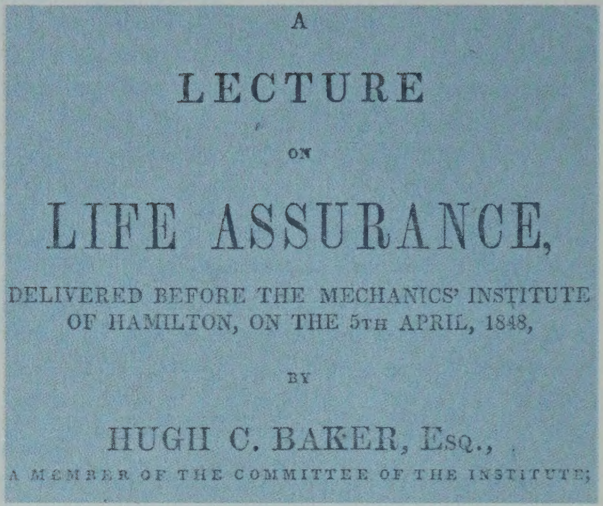
advice in the United States or the United Kingdom while a potential policyholder waited for a company decision.

The first directors were also fully aware that several American life companies had undertaken programs that had led to financial disaster. This fact, coupled with a dearth of direct knowledge about life insurance, prompted the men behind Canada Life to proceed with caution. It is not surprising that the early minutes of their meetings show close scrutiny of every decision: from determining an applicant's insurability to ordering office furniture, and recruiting agents for the company.

They also faced the monumental prospect of having to educate the public in the economic principles of life insurance and its social justification. What had to be done and done quickly, if the new venture were to survive, was to inform people about the way insurance could serve them and what it would cost. Selling a new idea of security was difficult enough, but selling it through a new, unproven company was worse. Hugh Baker put it bluntly in an early report: "It (the company) encountered coldness where it may have expected cordiality, lukewarmness where there should have been zeal, and misgiving where there should have been confidence." And the company's first annual report said that "the practice of life insurance was but little understood among us, while its governing principles were still less generally understood".

The first advertising by a Canadian life insurance company was launched when the directors authorized a campaign consisting of announcements in the Toronto press: The Globe, Colonist, British Canadian and Church, and the Christian Guardian. A display advertisement was also run in the New York Albion, one of America's first magazines.

The second phase of these efforts to acquaint the public with Canada Life was spearheaded by Hugh Baker, who arranged for lectures on life insurance. In April 1848, he declared that Canada Life was formed for the purpose "of making the knowledge and practice of life assurance, in its various branches, general amongst all classes; of affording to all residents the opportunity of availing themselves of these important benefits at the lowest cost compatible with safety; and of retaining within this province the accumulations thus made, to the equal benefit of our country, and the assured".


A

LECTURE

ON

LIFE ASSURANCE,

DELIVERED BEFORE THE MECHANICS' INSTITUTE OF HAMILTON, ON THE 5TH APRIL, 1848,

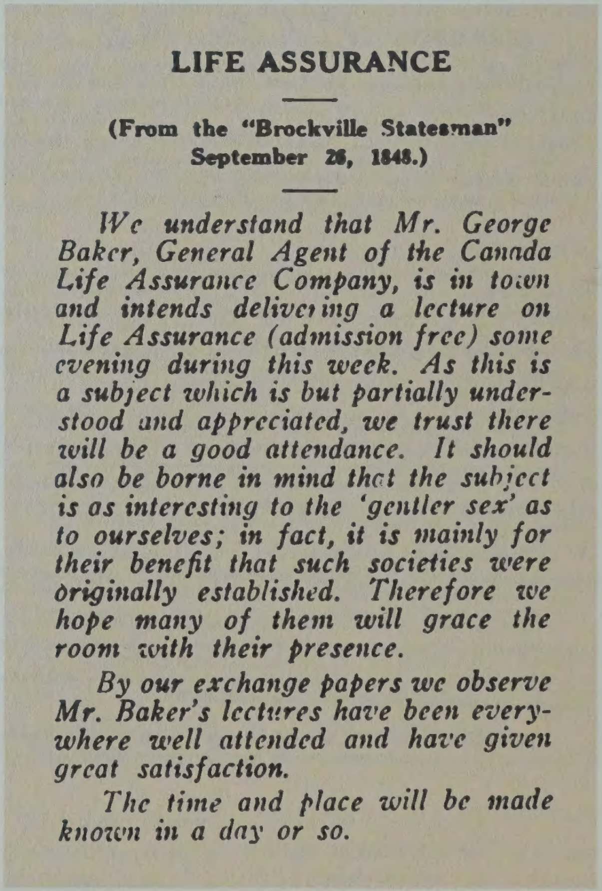
BY

HUGH C. BAKER, ESQ.,

A MEMBER OF THE COMMITTEE OF THE INSTITUTE;

Few Canadians in the mid-1800's had any idea of the principles or benefits of life insurance, so printed copies of president Baker's speeches were widely distributed.

Announcement of the arrival of George Baker, brother of the first president, who travelled to give lectures and build the agency organization of Canada Life.


LIFE ASSURANCE

(From the "Brockville Statesman" September 26, 1848.)

We understand that Mr. George Baker, General Agent of the Canada Life Assurance Company, is in town and intends delivering a lecture on Life Assurance (admission free) some evening during this week. As this is a subject which is but partially understood and appreciated, we trust there will be a good attendance. It should also be borne in mind that the subject is as interesting to the 'gentler sex' as to ourselves; in fact, it is mainly for their benefit that such societies were originally established. Therefore we hope many of them will grace the room with their presence.

By our exchange papers we observe Mr. Baker's lectures have been everywhere well attended and have given great satisfaction.

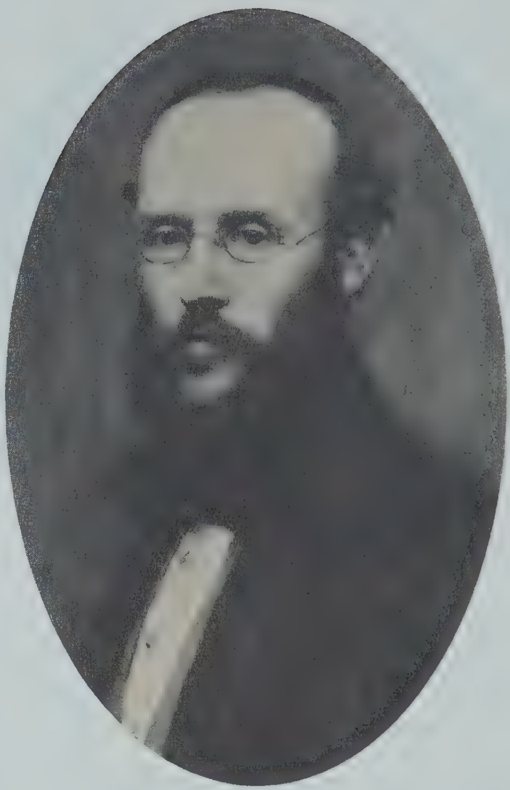
The time and place will be made known in a day or so.

Baker not only worked hard to win public support, but he often fought an uphill battle in persuading board members to approve his techniques. While all agreed with the need for press advertising, director (later Premier) Sir Allan MacNab objected to Baker's lecture idea as wholly impractical. Another decision, the hiring of Baker's brother George as a general agent on an "experimental basis", was contested by some directors when his contract was due for renewal.

The persuasive power of the president's convictions is shown by the fact that lectures continued and the post of general agent was retained — a position that was the forerunner of modern agency direction.

Many of Hugh Baker's convictions, his faith in the agency system being an outstanding example, were subsequently affirmed and today are mainstays of the Canada Life enterprise and of the industry.

Decision after decision gradually built the fabric of the company and determined its character. Canada Life policies were issued to women at normal rates, while other companies either refused or issued them at higher premiums. Medical officers were appointed in an advisory capacity. George C. Burton (later Sir George, Chief Justice of Ontario) became the company's first legal advisor. He received a fee for services rendered but, as recorded in the minutes, not for "casual legal opinions".



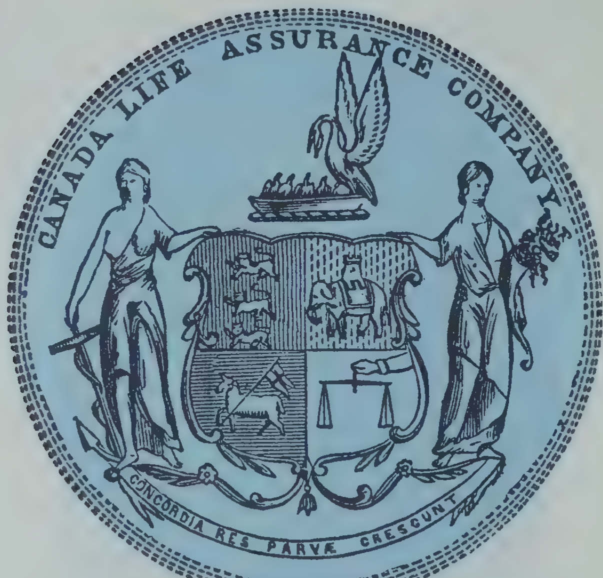
HUGH C. BAKER
President, 1847-1859

The scepticism surrounding the company's early ambitions was not defeated overnight. Many considered Canada was too small a country to support its own life company, particularly as there were no ascertainable mortality rates upon which premiums could be based. The board used British tables. Other critics claimed that it was sheer folly to insure with a company that was unproven.

President Baker's rebuttal to these allegations was two-fold. First, he emphasized the advantages of insuring with a Canadian organization, thereby avoiding the inevitable delays associated with claims processed abroad by other companies. And secondly, he pointed out that buying life insurance at home would stop a substantial outflow of capital.

The first board achieved outstanding results. After only thirty weeks of operation, twenty agents had been appointed in a number of the larger communities. At the first annual meeting, held on August 1st, 1848 it was announced that 144 policies has been issued, representing a total coverage of £59,650 and creating a premium revenue of £1,650. Total receipts for the first year were £2,153, while expenses were only £380.

While genuine attempts were made to insure everyone who sought coverage, some of the directors' earlier decisions reflect contemporary attitudes towards the new service they offered. Piloting ships along the St. Lawrence River was considered a "hazardous" occupation and premiums were adjusted accordingly. Policies contained a cancellation clause which became operative if the insured consumed "fermented liquors to excess". There were travel restrictions too. For example, coverage



The Canada Life coat-of-arms was adopted in 1849. The original design (above) has been modified only slightly for the version in use today (below). The crest above the shield shows a pelican feeding its young, a noted heraldic symbol of mother-love and self-sacrifice. Supporting the shield are the figures of Hope, with the anchor, and Plenty, with the cornucopia. The motto: "Where harmony exists, small things grow great".

would be given to anyone going to Scotland, but not to new frontiers like California and Australia.

But the board's careful approach, largely dictated by the circumstances of the time, led to early financial success. The program of enterprise and economy yielded a profit after the first year of operation. This was an extraordinary achievement, considering the problems that had to be overcome and the high initial expenses usually incurred by new companies.

As a bank manager and president of Canada Life, Hugh Baker was shouldering two taxing jobs. This conflict of business interests ultimately prompted him to resign from the Bank of Montreal in April 1850. It was only then that he began to receive a yearly salary of £350, although he had been voted an honorarium of £150 in 1848. But it was not long before this energetic, creative man was involved in a new business enterprise. He asked for and received board approval to accept an appointment as managing director of the Great Western Railway. At about this time, Baker's reputation in life insurance circles was recognized by his appointment as corresponding member for Canada of the Institute of Actuaries in England and his election as a Fellow of that Institute. This was a remarkable distinction for a self-taught insurance man.

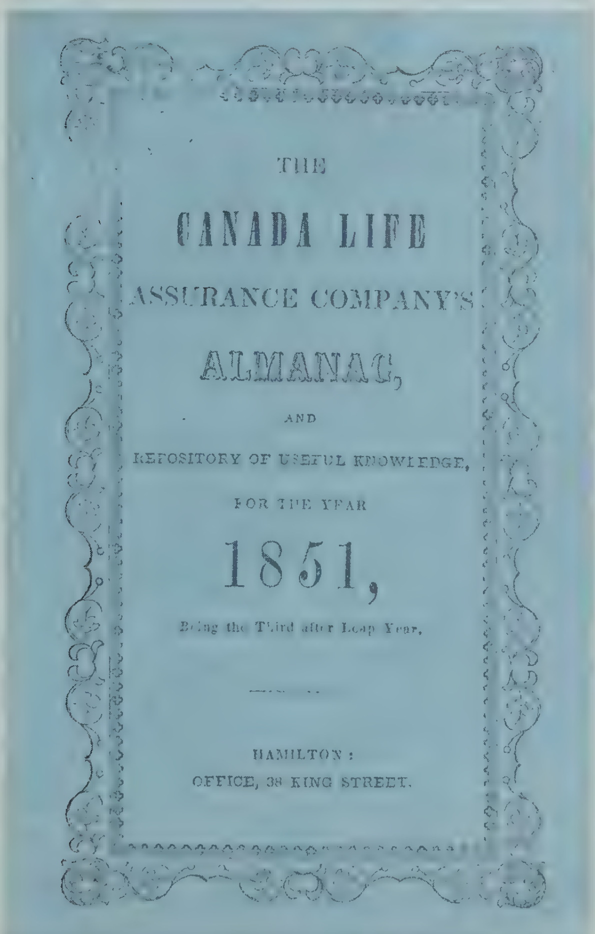
There were other signs that the company was becoming established. Twelve pounds ten shillings were paid for the first plans of a new office building in Hamilton and a company coat-of-arms was bought for five pounds. The central image, a pelican feeding its young, was well-known as a symbol of charity and piety in ecclesiastical heraldry. Retained by the company to this day, the coat-of-arms bears a Latin quotation from a Roman senator's speech: "Where harmony exists, small things grow great".

On April 25th, 1849 the healthy young enterprise received a charter from the Province of Canada. There were both English and French official versions of the Act incorporating Canada Life, including the French name: "La Compagnie d'Assurance du Canada sur la Vie". This rather quaint wording appeared on the company business forms in the early days and is still in use today.

Two important clauses in the charter were instrumental in shaping the company's future growth. The first, allowing an increase in the capital stock to £250,000, was carried out in 1855. In the second

The first submarine cable in America was laid from Prince Edward Island to New Brunswick in 1852. At that time Canada Life was already serving in the Maritime Provinces.

Soon after its founding, Canada Life began to use advertising and public relations to make known its services. One of the company's most popular early publications was an Almanac.



THE

CANADA LIFE

ASSURANCE COMPANY'S

ALMANAC,

AND

REPOSITORY OF USEFUL KNOWLEDGE,

FOR THE YEAR

1851,

Being the Third after Leap Year.

HAMILTON:

OFFICE, 38 KING STREET.

clause the directors volunteered to submit to the several branches of the Legislature an annual statement of its financial position, a procedure later made mandatory for all life companies. It was an example of the kind of initiative and self-discipline that has enabled Canada Life to win and keep wide public confidence.

As the mid-point of the Nineteenth Century was reached and the company grappled with its growing pains, the British North American colonies experienced an economic upturn. Communications were improving and in the United States railroad travel was booming. Cunard steamers were crossing the Atlantic in seventeen days. Postage stamps were introduced into Canada in 1851. Hamilton's population was 14,199; nearby Toronto's was 30,775; and Quebec City's was 37,365. The Canada Life Almanac offered the opinion that many individuals with families lived up to their incomes and spent too much on "worthless luxuries". In business circles there was talk of trade reciprocity between the British North American colonies and the United States.

By 1852, only five years after Canada Life's formation, the company had fifty men in the field. They covered a wide territory, including the Province of Canada, Newfoundland and New Brunswick. There was even a brief, exploratory venture in Detroit, Michigan. The growing importance of business in the eastern section of the Province of Canada was acknowledged by publication of the annual report in the Montreal and Quebec City press, followed by the formation of an advisory board in Montreal.

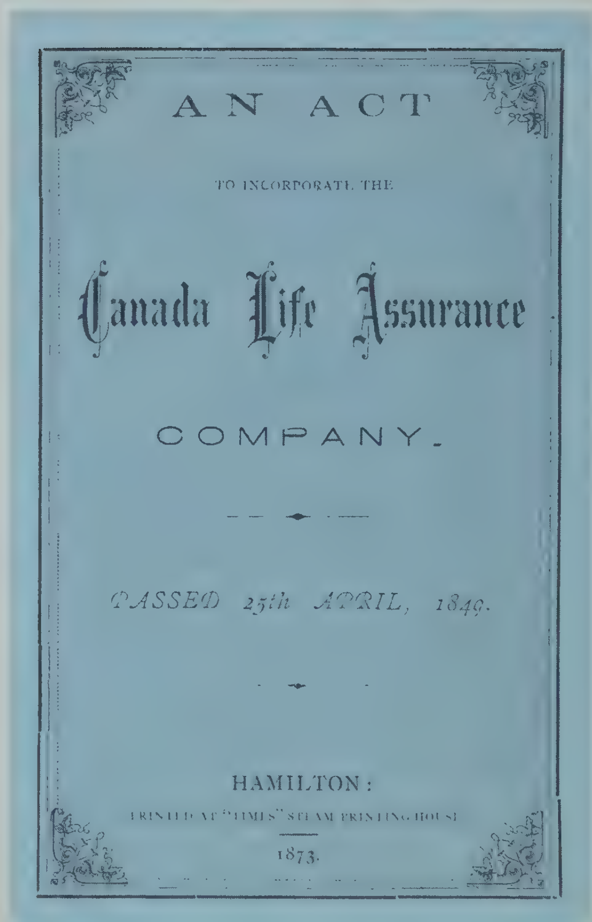
In 1854, a reciprocity treaty was signed, encouraging an already expanding trade in primary products. Only seven years after its founding, the company needed its own building and was able to afford one. It purchased property and built a fine structure on Hamilton's James Street South, where the Pigott Building is today. In October 1857, the company's tenth annual meeting was held in the new quarters and it was announced that in a decade of operation the number of policies in force had risen to 1,618 while the total life insurance protection in force was £762,031. This was the last financial statement to be presented in pounds. The next report was presented in dollars and cents, as the decimal system of currency had become official throughout the land.

In Great Britain, Messrs. C. & E. Layton of London were appointed as agents to write new business. Previously they had collected premiums as a convenience for Canada Life policyholders there.

With these signs of growth the directors felt justified in looking ahead with confidence and enthusiasm. But, as if to remind them of the very uncertainties of life which insurance is calculated to offset, the country's temporary flurry of economic activity received a severe jolt. Triggered by failures in the United States, financial crisis struck the London money market in 1857. In British North America, capital dried up for the financing of railways at a time when no line linked the Province of Canada with the Atlantic colonies, much less with the west.

The decline in economic activity, coupled with a general shortage of cash, hampered company expansion. In 1858, as new business slowed and the number of policies in default rose, rules were relaxed to help policyholders maintain protection. To achieve this, Hugh Baker and his colleagues kept close contact with individual circumstances so that financial arrangements could be adjusted when necessary, to keep the policies in force.

The recession was a serious blow. But the struggling company was dealt another. The strain of running a new enterprise, plus a host of other activities, undermined the physical stamina of the president. In March 1859, fifteen months after he was defeated in a bid for a seat in the Provincial Legislature, Hugh Baker died of tuberculosis. He was in his forty-first year.



AN ACT

TO INCORPORATE THE

Canada Life Assurance

COMPANY.

PASSED 25th APRIL, 1849.

HAMILTON:

PRINTED AT "TIMES" STEAM PRINTING HOUSE

1873.

It was the original intention of Hugh Baker to found a mutual life assurance company. But, when the Provincial Legislature rejected the application, it was decided to form a stock company with policyholders participating in the profits. The Act of Incorporation was passed and a charter granted.

A Professional Takes Over

Loss of their founder-president after less than a dozen years' service threw a heavy burden on the directors. Canada Life found itself leaderless and struggling for financial stability in a time of economic depression, aggravated by a succession of crop failures.

The first move in this critical situation was the election of Hamilton businessman John Young as president. However, it was quickly agreed that the urgent need was for a general manager with direct knowledge of insurance comparable with that possessed by the company's late founder. To find such a man, five directors sailed to Britain.

Letters began crossing the Atlantic between director Archibald Kerr in Britain and president Young in Hamilton. The subject of their correspondence was Alexander Gillespie Ramsay, secretary of the Scottish Amicable Assurance Society of Glasgow. The managerial prospect was rated by Kerr as "the most likely man for us . . . he seemed to know a good deal about the Canada Life and I liked the particular enquiries he made about its position, especially its investments".

But the Scot was not prepared to leave the security of his home—for what was to him largely a risky proposition—without adequate compensation. Wrote Mr. Kerr: "When I named the salary of £600 he said that would not induce him to leave his present position and prospects and go to Canada. I asked his views as to salary and he said he would not take less than double what he had at present which is £400. Consequently our negotiations closed. . . ."

Fortunately for Canada Life, bargaining was resumed. It culminated in Alexander Ramsay's appointment for a three-year period starting at £600, with annual increments of £100 raising it to £800 for the final year. The shrewd manager-elect arranged that his salary would begin from the time he left Glasgow with his wife and children and not upon his arrival in Hamilton, several weeks later.

And so in August 1859, the thirty-year-old actuary became manager of Canada Life. His career with the company lasted for forty years.

While Hugh Baker launched the idea of selling insurance by a Canadian company, Alexander Ramsay established its permanence. The result was a truly professional life insurance organization. It offered quality services that equalled and often bettered those of its competitors, and it pioneered many improvements in the industry.

Described by Kerr as a "plain, straightforward, sensible man", the newcomer from Scotland had no easy task. He was in the unenviable position of living in the shadow of a man who had enjoyed the highest respect and trust of the directors. But he quickly showed his mettle. From his first day in the Hamilton office the new manager established two main objectives: an increased liberalization of services to policyholders; and a more positive expression of the company's investment philosophy. As a result, many of his decisions became cornerstones for future growth.

They were aimed primarily at breaking down some of the earlier restrictions. Coverage, at no extra

Canada's industrialization began in the mid-1800's. It was signaled by the smoke of small factories, such as this one in Oxford County where Ontario's now substantial cheese industry got its start.

rate, was made available to people travelling to populated areas in many parts of North America and most of Europe. They could also remain insured if they took up residence there.

Enrolment in the Canadian militia forces was allowed at no extra charge. For a few pennies over and above his regular premium, newspaperman George Sheppard was permitted to cover the American Civil War—provided he remained in an "entirely peaceful capacity". Miners, flocking to the gold strikes along the Fraser River, were offered life insurance at slightly higher than normal rates.

Alexander Ramsay claimed that financial stability was possible only by "obtaining a perfect and ample security rather than troublesome or perhaps precarious investments". It was a conservative philosophy, echoed in stronger terms by his successors over the years, and it gave the company the strength to withstand economic fluctuations.

A positive program of attractive policy services, backed by sound investments, reversed the decline in its business. By October 1860, just fifteen months after his arrival in Canada, the new manager was able to announce a record year for premiums collected and new policies issued. The next year was even better.

Thanks to firm guidance by Alexander Ramsay and the results shown on the balance sheet, the directors regained the confidence that had been shaken by the setbacks of 1858 and 1859. With new strength and enthusiasm they made many decisions such as the granting of loans on policies.

A significant event passed relatively unnoticed in 1861. It was the appointment of a dynamic individual destined to have a profound effect on the company's fortunes. George A. Cox received from Canada Life an agency contract in Peterborough, one hundred and twenty miles north-east of Hamilton. He and his two sons later built strong affiliations with the company that lasted eighty-six years.

Although Alexander Ramsay had only been with Canada Life for a relatively short time, his knowledge of life insurance helped in the promotion of new business and the growth of the company.

Furthermore, the upswing in Canada Life's activities coincided with dramatic changes in the British North American colonies, which in 1866 suffered the loss of trade reciprocity with the United States.

This and other pressing economic, political and social problems made the time ripe for the amalgamation of the scattered colonies. With the British North America Act of 1867, Confederation was a reality. This provided a national base for domestic manufacturers and for the production of staples for export markets. It provided more opportunities for new settlers and capital to help develop the country and bind it together with railway lines.

With centralizing forces within the country given new scope and with New Brunswick, Nova Scotia, Ontario and Quebec as the founding provinces, Canada was ready for work.

In 1869—as the new nation rolled up its sleeves in earnest—Canada Life's new business passed the million-dollar mark for the first time. To the directors, it was the fruit of many years of struggle. To Alexander Ramsay it was an endorsement of his strong management philosophy, based on efficient service to policyholders, sound investments, and low operating costs.

By 1857, Canada Life had moved into its first Home Office building on James Street South in Hamilton.

In 1866, Alexander Buntin's wood-grinding plant was a pioneer in the pulp and paper industry, now Canada's biggest export business. This mill was at Valleyfield in Quebec, a province Canada Life began to serve in 1848.

As it gained experience, this pioneer company continually liberalized its approach to the service it was providing. The directors made trail-breaking decisions concerning the reinstatement of lapsed policies. They established regional advisory boards and more agents became associated with the company.

On the administrative side, progress led to the abandonment of a novel practice. Securities had been protected from theft by cutting the bonds in two, with the company holding one half and the bank the other. Now they were kept intact in a vault.

Although Canada Life itself was becoming national in scope, the directors kept their fingers on the pulse of everyday affairs. Old records show their astonishing awareness of the activities of personnel. They reprimanded an agent who was found sharing an office with a competitor. They rejected a request that a doctor be allowed to act as both agent and medical advisor. Manager Ramsay—in an office memorandum—echoed the directors' sentiments concerning proper deportment: "It (the board) disapproves of any clerks in the office habitually frequenting billiard rooms, saloons or places of a like nature and desires to express its opinion that such habits are not calculated to obtain the confidence of the board and would probably mitigate against their promotion".

The company's quarter-century passed in 1872 and Ramsay had been there for half its lifespan. Since his appointment, total business in force had tripled, assets had doubled, and new business was six times as large. It was a big work load for the Hamilton head office staff of eight. But there was speculation that the company's land purchase on the north side of Toronto's King Street indicated administrative changes and perhaps even a head office move to that city. Similar speculation followed the company's acquisition of land in Montreal.

The following year president Young died and was succeeded by E. Cartwright Thomas—another Hamiltonian who had been vice-president. Ramsay was elected to the board and named managing director. About the same time the aggressive agent in Peterborough, George Cox, was showing an interest in federal politics. Twice he unsuccessfully contested the town's West Riding as the Liberal representative, losing on his second try by only one vote. Alexander Ramsay, a Conservative, commented dourly that life insurance should be enough to keep a good agent busy without venturing into politics. However, Cox's influence in the Liberal Party continued to grow and eventually he was appointed to the Senate. In the years ahead, politics was not the only area in which he and Ramsay were to differ.

In May 1875, Cartwright Thomas died after only two years as president and the board of directors decided to promote its professional, Alexander Ramsay, to the presidency. And, as it was when the energetic Scot first came to Canada, the economy was in trouble. But it also gave him another chance to demonstrate his ability to thrive on challenge.

The years immediately following Confederation were prosperous. Exports expanded to Great Britain and the United States. Rising imports increased government revenues from custom duties for the development of transportation facilities, and the Dominion government committed itself to building a transcontinental railway. But in 1873 there was a slump in world markets. The resulting deterioration in the American and British economies, to which Canada was closely tied, created a rapid decline in credit, investment and trade.

Alexander Ramsay's first three years as president coincided with Canada's struggle to offset reduced

Canada Life's oldest known staff photograph was taken about 1872. At that time the entire Home Office staff consisted of (seated, left to right): company secretary Roland Hills; Robertson Macaulay, who later became president of Sun Life Assurance Co. of Canada; D. B. (Barney) Dewar, captain of the Hamilton Tigers football team; David Kidd, later first manager of the company's Central Ontario branch; (standing, left to right): J. G. Brewer; Alex Ramsay, son of the president; D. McGarvey; Alfred (Mosey) Grigg.

exports and falling prices. The lumber trade was particularly hard hit and commercial failures were widespread. During this unsettled period, Canada Life proved that it was strong enough to weather severe economic adversity.

In the first year of Ramsay's management a record amount of new business was written. Five years before, the directors had adopted the British practice of distributing profits to policyholders on a five-year basis, rather than annually. Now the issuance of the second quinquennial dividend put dollars into the hands of policyholders at a time when money was generally tight. Premium rates were reduced, giving Canada Life a strong competitive position.

In 1876, Alexander Graham Bell achieved the first long-distance telephone transmission, between Brantford and Paris, Ontario. Within two years, Hugh C. Baker, a son of the founder of Canada Life, started the first telephone exchange in the British Empire. Meanwhile Canada Life was advancing as one of the country's leading financial institutions. In 1879 the company's charter was amended to give an increased share of profits to policyholders. This voluntary action came thirty-one years before similar government requirements were enacted. On the investment side, Canada Life entered the mortgage market in earnest, developing another field in which it had been a pioneer.

In 1883, the first company policy was sold in British Columbia, and in that same year the entire head office staff of thirteen moved into a striking new brownstone building on the southeast corner of Hamilton's King and James Streets. For many years a landmark, it still stands today.

The trend toward liberalization of coverage continued. In 1887 the directors removed all restrictions on residence, travel or occupation, from policies that had been in force for more than two years. Meanwhile general agent George Cox had shifted the headquarters of his Eastern Ontario branch from Peterborough to rented offices in Toronto. By 1891 Cox was directing operations from an efficient new Canada Life building on King Street West.

The directors were approaching the limit in the volume of policies they could clear personally and in the related decisions that confronted them. They met weekly and at one sitting would consider from fifty to two hundred policy applications. Mechanical office equipment was scarce and an early typewriter and the letterpress were the mainstays of the clerks. Most letters were hand-written, then copied by moisture and pressure on the letterpress. Policies were completed by hand and had to be checked and signed by the president, the secretary and a clerk. For years, president Ramsay himself scanned every policy for mistakes and erasures. It was painstaking, but it encouraged accuracy.

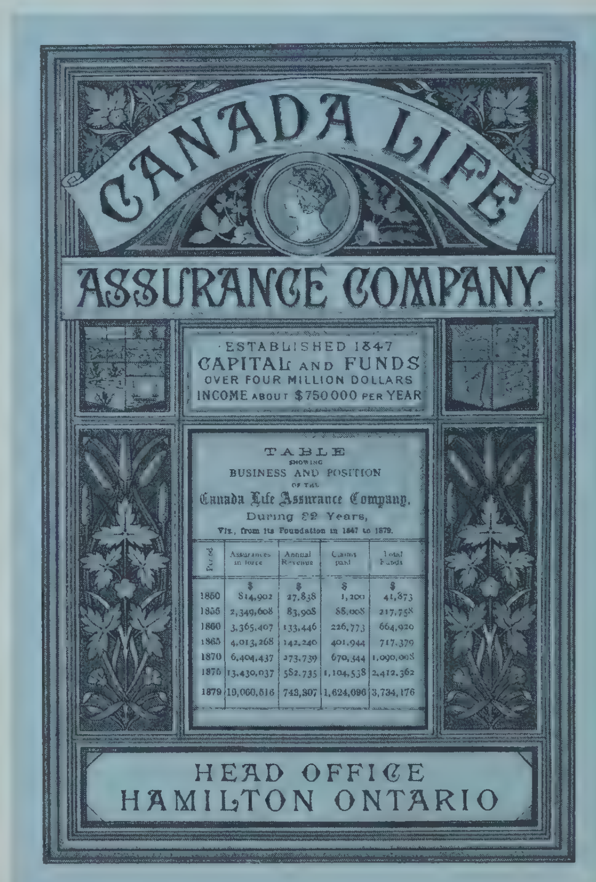
While the Hamilton home office of the 1890's studied problems of procedure, efficiency and bigger premises, different worries confronted the many Canada Life agents scattered from coast to coast across the young nation. Out west, for example, Winnipeg's population was only about 15,000. Conditions were generally primitive and in the settlements, water was delivered in wagons, and there were no paved streets, waterworks or sewerage systems.

Insurance men had to be resourceful. In 1886, A. McTavish Campbell—a Canada Life agent who was colorful in personality and name—had a boat built for $50 so that he could navigate the Saskatchewan River between Edmonton and Battleford. In two months, he covered a wide area using various modes of transport, secured $200,000 in new business, appointed new agents and even took along a supply of vaccine so doctors could promptly protect new policyholders against smallpox as required by company regulations.

Wrote the intrepid Campbell: ". . . I got a skiff built and rowed myself down the river. The distance by river is considered some 350 to 400 miles,

A colorful Canada Life agent in the west was A. McTavish Campbell. He once rowed 400 miles down the Saskatchewan River in search of new business.

Artistic books of Canada Life calendar-blotters, with full-color covers, were in great demand in the late 1800's.



on account of the winding of the river. By the time I got to Battleford I felt as though I had travelled a thousand miles". His abilities led to his appointment as the first general agent for Canada Life in western Canada. His territory extended from the head of Lake Superior to the Pacific. A tireless traveller by coach, boat, dog team and saddlehorse, Campbell built such a reputation in that vast region that the Winnipeg Tribune called him a "super salesman of business integrity and fair dealing". He was one of the memorable life insurance pioneers of the Canadian West.

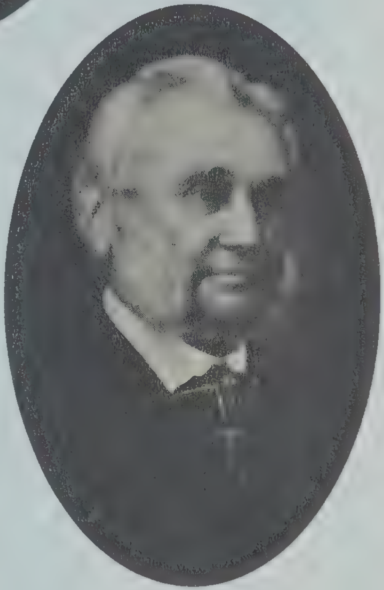
Two thousand miles away in Newfoundland, other agents were roughing it. Manager C. A. C. Bruce travelled 400 miles by rail to have some mistakes corrected on a medical report written by an inexperienced doctor. On the way back a blizzard trapped his train in a tiny settlement for four weeks. But Bruce was not idle. He wrote up $40,000 in new business among the residents, then started back to St. John's on snowshoes.

Having organized agencies on a coast-to-coast basis, president Ramsay now turned his attention to the United States and reasoned that many Canadians who had moved south would be glad to deal with a Canadian company. He wasted no time in implementing his new plan. After the company's entire financial operation had passed a stiff Michigan State scrutiny, he was able to announce that it had been licensed in that state. Thus the United States division of Canada Life was established in 1889—over three-quarters of a century ago.

Company agents used premium rates based on American experience, but early gains in new business were modest. When Ramsay put the office under George Cox's still-expanding Eastern Ontario branch there were immediate improvements. At the 1892 annual meeting, the president announced that the Michigan agency stood fourteenth in new business among the thirty-two life companies in the state at that time. Two years later it topped the list of thirty-four companies there. Encouraged by the success in Michigan, other United States agencies were launched: Minnesota and Ohio in 1893, Illinois two years later. All three expanded rapidly.

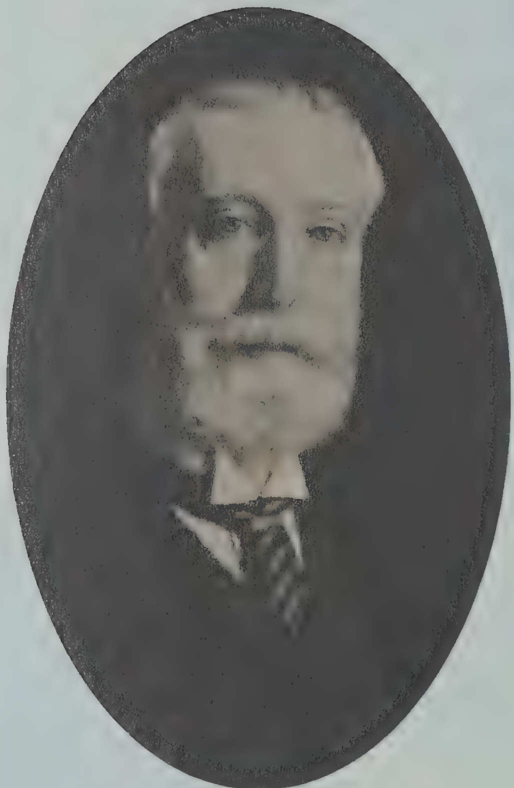
One factor contributing to president Ramsay's successes in this period was revealed in statistical tables published by Canada Life in 1895. This examination of the mortality experience of the company from 1847 to 1893 disclosed that Canadians could expect to live longer than Americans, Britons or Germans. The first of its kind, the survey made a distinct impression in Britain, where for years companies had insisted on higher premiums for Canadians because of "climatic hazards". The company's emphasis on research, which began with Hugh Baker's early mortality tables, has proven its value many times and it remains strong to this day.

JOHN YOUNG
President, 1859-1873



E. CARTWRIGHT THOMAS
President, 1873-1875

In an 1897 edition of the company's employee magazine, a policyholder in Wisconsin acknowledged payment of a policy and added: "We Americans are supposed to be the most 'instantaneous' people on the globe, but when it comes to paying up policies we have a lesson to learn from 'old Canada'."



ALEXANDER G. RAMSAY
President, 1875-1899

The closing years of the Nineteenth Century saw dramatic changes both in Canada's economic fortunes and in the structure of the company. The new nation was reaping the benefits of improved communication and expanded commerce that followed the completion of the Canadian Pacific Railway. Sir John A. Macdonald's national policy was beginning to bear fruit. In addition, these successes were accompanied by a rise in the world price of grain which suddenly created a strong profit motive for turning the fallow Canadian prairies into wheat fields.

In 1899, four years after Canada Life's new Quebec regional building had been opened in Montreal, the directors voted to move the head office from Hamilton to Toronto. This decision was the climax of a controversy that had raged over many months. President Ramsay and several of his Hamilton associates strongly opposed the proposal of George Cox—now a senator and a company director—that Canada's leading life insurance company should move to the city that was rapidly becoming a leading financial centre.

As a national institution with steadily growing international status, Canada Life frequently received wide press coverage and the president Ramsay-Senator Cox tug-of-war aroused considerable public interest. In May 1899, the matter was raised before a federal banking and commerce committee in Ottawa.

When the directors finally voted in favor of the move to Toronto, The Hamilton Spectator reported tersely: "Senator Cox On Top". The paper later outlined plans of the move and noted that all staff would receive moving expenses and salary increases.

In September, The Spectator's headline told the story: "Mr. Ramsay Is Out". Then in his seventieth year, the grand old Scot had decided to retire on December 31st, 1899, rather than go along with the move to Toronto which he so thoroughly opposed.

In 1883 a towered building of brownstone was opened at King and James streets in Hamilton as the second Home Office building of Canada Life.

Concerning the key issue of his successor, The Spectator observed with some acidity: "With Mr. Ramsay out of the president's chair there is but little question as to who his successor will be. Senator Cox, who so successfully arranged the removal of the head offices from Hamilton to Toronto, is known to have had a desire for a long time to write himself president of Canada Life and his appointment would surprise no one".

Senator Cox was indeed in command. A few days after the directors and scores of agents and employees had expressed their sincere regret at the loss of Alexander Ramsay as a driving force in the destiny of Canada Life, the Senator was elected president at the board meeting of January 1900.

And so the company began the Twentieth Century under a new administration.

Back in the 1880's, Scott & Leason stagecoaches travelled the 180 miles from Calgary to Edmonton in six days. In 1886, Canada Life was in business in the frontier town that later became the capital of Alberta.

A Dynamic Builder

When bullets splintered the pine floor of his hotel room and narrowly missed his bed, agent Walter B. Ferrie could hardly be blamed for doubting the wisdom of Senator Cox, who had convinced him he could be a success selling life insurance in British Columbia.

It was all very fine for the Senator, Canada Life's fifth president, to have urged him to go-west-young-man. But George Albertus Cox was thousands of miles away in bustling, mercantile Toronto while Walter Ferrie was in Phoenix, B.C., then a rugged mining town with perhaps three thousand inhabitants. It boasted a wide-open dance hall and bars and there were frequent brawls around town as evidenced by the stray bullets that had peppered his bedroom from the lobby below.

"It is quite true you will have a very small population to work on for a few years; but when it starts, it will grow very quickly", the president had said to him before he headed for the Canadian West. Many years later, after his appointment as manager of the British Columbia branch, Ferrie endorsed the wisdom of this prophecy and claimed that in his pioneering days it was "as hard to sell a policy for $1,000 as it is to get one for $10,000 now". And no one doubted it.

George Cox had made his mark on Canada Life long before he became its president. His career began at eighteen when he became one of Canada's early telegraph operators—handling messages in Morse code at Peterborough on the country's first telegraph line between Montreal and Toronto. Joining Canada Life in 1861 at the age of twenty-one, he built up the Peterborough agency until it was responsible for all of Ontario east of Toronto and accounted for nearly half the company's total business in force.

It was during this time that his business talents transformed the faltering Midland Railway into a profitable enterprise that was later acquired by a major railway company.

Despite many other business and community interests, including a seven-year term as mayor of Peterborough, George Cox devoted his energies primarily to making his agency the most effective in Canada Life. His success in both finance and politics propelled him toward the presidency.

A man who never travelled without a policy application in his pocket, Cox had a profound faith in the value of insurance and in the men who sold it. When he became chief executive he was considered one of the leading financiers in Canada. He was simultaneously president of a large Canadian bank and several other companies; in addition he held almost fifty directorships. Yet he continued to regard himself first and foremost as a life insurance agent.

The first local agency man to rise to the presidency, George Cox was a man of action who believed in the value of personal example. Once, upon learning of a young agent's despair at not selling a good prospect, the president donned his silk hat, disappeared with tailcoat flapping, and returned with the application signed. After he became a senator in 1896, it was said that he sold a life policy to every fellow-senator under the age limit.

Canada Life's 1896 board of directors is shown in this quaint photographic montage. President Alexander Ramsay is the white-bearded gentleman at the right, with the flower in his lapel. Third on his right is his successor, Senator George Cox. On the Senator's immediate right are Ontario Chief Justice George Burton and famous engineer of the time, Sir Casimir Gzowski. Third from the president's left is Sir George Kirkpatrick, Lieutenant-Governor of Ontario.

When Cox travelled out West with railway builder Donald (later Sir Donald) Mann, the latter, not without some encouragement, declared his intention to buy insurance. But it seemed the transaction would have to await Mann's return from Japan, as his ship was scheduled to leave only two hours after their train was due in Vancouver. To fast-moving president Cox, two hours was a long time. He wired ahead and had a doctor waiting for them at the dock. A medical check-up was completed on board the liner, between Vancouver and Victoria, and Donald Mann sailed on to Japan leaving an application for $50,000 on his life.

The decisions of president Cox were not always popular, but his business acumen was rarely disputed. In his first annual report he tackled some of his critics in this fashion: "The wisdom of these departures (the move to Toronto and the granting of board representation to policyholders) was for a time doubted by some. But the best verdict thereupon is the results to the company's business. It is, therefore, a matter of satisfaction that the new business of the year just closed largely exceeds that of the best year in the company's history".

In retrospect, George Cox's election as president and his foresight in the move to Toronto were major events that put Canada Life in step with the forward march of a young nation just beginning to realize its great potential. Canada started the new century in an environment of an expanding world economy, increasing exports, influxes of capital and immigrants, and continuing improvements in living standards.

The Cox era began with a major reorganization of the company's structure. He saw the need to revitalize Canada Life to meet the demands and opportunities of a changing economy. Still keeping service to policyholders and a strong investment base as primary objectives, the president launched a spectacular expansion of the agency operation—not only throughout Canada but in the United States and in Great Britain.

British Columbia, formerly managed from Winnipeg, became a branch territory with agencies at Victoria and Vancouver. Alberta and Saskatchewan, also originally under Winnipeg's control, were given separate status.

Cox appointed an investment superintendent for western Canada, with his territory extending from the Lakehead to the Pacific.

Canada Life's first agency in the American West was established in Washington State in 1901—the same year that the company entered New York State.

One of the key factors in the success in the United States was the reputation for stability earned by Canadian life companies. In addition, Canada Life was versatile in its approach to marketing, offering its services to the American public through salaried branch managers and general agents on commission.

In 1903, a year after a Canada Life policy had been issued on the life of King Edward VII, the real impact of George Cox's expansion program reached Britain. The business handled by Messrs. C. & E. Layton, acting as company agents, had reached a volume that warranted a full-scale operation. As a result, a branch was set up and A. D. Cheyne—an aggressive Scot—was appointed first manager. Offering strong policy service, the company's professionals—trained in Canadian methods—made rapid gains in a country where life insurance was still largely sold on a part-time basis by men who were not making their career in the industry. Within a few years, Cheyne's agency network extended throughout England, Scotland and Ireland, with Lord Aberdeen, a former Governor-General of Canada, as first chairman of the London board. It marked the beginning of the division that today serves the United Kingdom and the Republic of Ireland.

By that time, Canada Life had the attributes of a complex, international organization with departments staffed by specialists in such fields as actuarial science, real estate and investment. The industry itself was increasingly subjected to legislative controls designed to ensure stability. In this respect the company had, from its beginnings, shown a responsibility for self-regulation that helped build its reputation for honesty and fair dealing. When

Canada Life placed its first policy in Alberta in 1883, the same year that the first CPR train steamed into Calgary. By then company assets exceeded $6 million and it had $32 million of life insurance in force.

an amendment to the Insurance Act increased the minimum reserves to be held by life insurance companies, the directors raised the level even higher—although at that time Canada Life reserves were well above the new minimum.

But while the company and the life industry were becoming quite sophisticated, agency and investment men still struggled with frontier conditions in wide sections of Canada. On the prairies Canada Life men slept with their horses hobbled and hitched to their wrists, lived largely off the land and carried as standard equipment a gun, frying pan, teapot, bacon and flour.

The first five years of George Cox's presidency yielded successive records in new business, policies in force and total assets. Yet there was no overreaching in the company's growth during these golden years. Although a builder at heart, president Cox believed, as Hugh Baker and Alexander Ramsay had, that what he called "conservative progress" had proved a bulwark against past economic fluctuations and there was no reason to abandon this approach. In reiterating Hugh Baker's founding philosophy, he declared himself "content to sacrifice transient success for absolute security and the permanent welfare of those whose interests are wrapped up in this institution".

The next two years endorsed the Senator's judgment. In the United States, public discontent with some businesses led to strong anti-trust legislation. Soon after, the Armstrong Committee investigated the operations of all the life companies in New York State. As a result, drastic changes were made

When Canada Life opened its new, seven-storey building at King and Bay streets in 1891, The Toronto World devoted its entire front page to the event and said it was proof that "Toronto is fast growing into a great metropolis." Later this became the third Home Office building.

in that state's insurance law. While Canada Life's financial status was never questioned, a requirement that companies pay dividends every year clashed with its system of quinquennial distribution. Rather than change its current program, the company decided to leave in 1906, five years after entering the state. The absence lasted twenty years.

In a move to demonstrate the stability of Canada Life, president Cox invited the Insurance Commissioners of Michigan and Ohio to examine the company's activities. In his report, on behalf of both states, the Michigan official praised the judgment and management that had placed Canada Life in such a sound position, ethically and financially.

But the ripples of discontent in the United States about the operation of some life companies there spread to Canada where a newspaper launched a violent attack on the industry, demanding an investigation comparable with the Armstrong inquiry.

Subsequently a government commission was appointed to investigate the affairs of Canadian life companies.

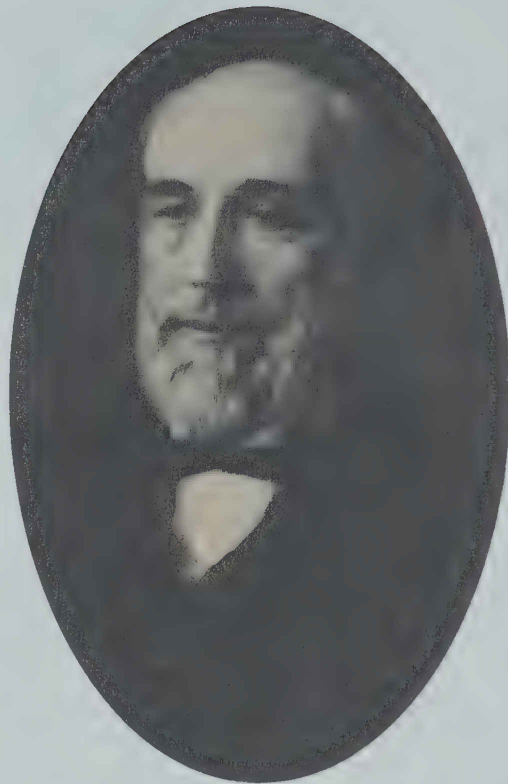
Canada Life's activities over the previous fifteen years were scrutinized. Senator Cox appeared before the inquiry along with a brilliant young lawyer named Leighton McCarthy, who was eventually to become one of the company's outstanding presidents. The examination over, Canada Life was given a clean bill of health. In fact, its conduct and the publicity surrounding the hearings won it new friends. With the goodwill came new business.

In 1910, an amendment to the Dominion Insurance Act ruled that Canadian life companies apportion ninety per cent of their surplus to policyholders, with the remaining ten per cent to shareholders. This was a ratio Canada Life had established for itself more than thirty years before. (In 1927, the directors voluntarily raised the policyholders' share to ninety-five per cent.)

Ten years of the Cox administration had placed the company in an enviable position in the industry. Additional policy benefits were introduced as new types of coverage were designed. The investment portfolio became more diversified while retaining its traditional strength.

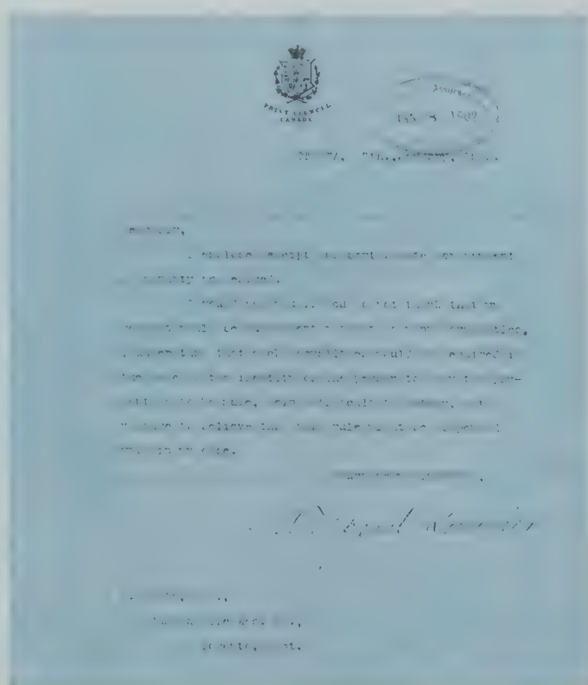
During these years, Canada was enjoying an unprecedented period of expansion. It was attracting investment capital and was becoming a world trader. Other industrial countries were clamoring for Canada's primary products, ranging from wheat for Britain to metals for an American economy that was making great technological advances. More significantly, Canada itself was emerging as an industrial nation. The value of its semi-processed raw materials and manufactured goods was increasing at an even faster rate than that of agricultural production.

Yet while non-ferrous metal, pulp and paper, and other industries were developing as major resource assets, farming was still the cornerstone of the Canadian economy. As prairie settlement stimulated a strong demand for manufactured goods, the wheat boom in turn was assisted by the introduction of the sturdy Red Fife variety of wheat and later by the Marquis that shortened the period to maturity and helped reduce the risk of damage by frost. More railways were needed and expansion was brisk, with the amount of new track laid nearly



SENATOR GEORGE A. COX
President, 1900-1914

Regulations required proof of identity of a person receiving an annuity. Prime Minister Laurier's reply, now in the company's archives, reveals a keen sense of humor.



British Columbia's gold camps provided business for enterprising Canada Life agents in the 1880's.

doubling in the thirteen years following the turn of the century.

By 1913, Canada Life's internal administration had lost the personal touch of the Baker and Ramsay days; no longer could top executives be involved personally in all everyday transactions. Increasingly, the responsibility for decision-making was delegated to administrative and agency personnel scattered across the country and in the United States and in Great Britain.

George Cox, the expansionist, had vastly extended and strengthened the foundations laid down by four earlier presidents and he decided it was time to take life easier. He had served the company for more than half a century and had been a director for over twenty years, a president for fourteen. Prior to this decision, as an indication of what was to come, he had turned over the post of general-manager to his elder son, Edward W. Cox, who had been vice-president since 1906.

Reluctantly, the directors accepted their leader's resignation. The day of his retirement—January 12th, 1914—marked the end of a great era dominated by one man. Four days later George Albertus Cox was dead.

Tragically his successor, Edward, was at the helm only until June, when he failed to recover from an operation he had undergone in England. Indicative of their faith in the ability of the Cox family, the directors promptly elected a third member to the presidency: the senator's younger son, Herbert C. Cox.

Unlike his father, who had zestfully taken command when the Canadian economy was truly on the move, the company's seventh president assumed the leadership at a time when the dark clouds of war were fast gathering. Uncertainty and apprehension were growing and Canada Life was soon to be confronted with a new kind of test.

CANADA LIFE TERRITORY 1900

By 1900, Canada Life offices and agencies were active in all nine provinces of Canada and Newfoundland. The company was also established in five of the American States and had an agency in London.

Progress Despite Adversity

In August 1914, Great Britain was plunged into war with Germany. Canada quickly mobilized a European expeditionary force and was soon making an effective contribution as a member of the Allies in the struggle for victory in World War I.

Canada's base metal industry grew as Britain ordered munitions. Exports of nickel, copper, lead and zinc rose sharply. Similar gains were made in wood pulp and newsprint; but more significantly, manufacturing output expanded at a record rate. The industrialization of Canada was under way in earnest.

Canada Life's management wrestled with the task of adjusting operations to suit this changing economic pattern. The main problem was to formulate measures to maintain financial stability, while preserving the quality of service that was the company's trademark. Specifically, Herbert Cox and his associates faced the hard fact that the demands of war had reduced both the number of young, insurable men in Canada and the staff and representatives needed to place and administer business.

Like his father before him, Herbert Cox had come up through the agency division of the business. He had a background that included twenty-two years of experience with Canada Life and two years as a president of The Imperial Life Assurance Company of Canada.

One of his first decisions as president of Canada Life was the introduction of new training courses to improve the efficiency of those agency men who were not able to serve overseas. The success of his educational program resulted in a record amount of protection placed on behalf of policyholders in 1915. He also backed up his agency organization with more efficient operating procedures to provide greater service to policyholders.

Automatic addressing systems speeded up office routine and by 1920 a punch-card accounting system was set up in a pioneering move by Canada Life.

With such innovations, receipts no longer had to be signed personally by a number of company officers. In addition to these techniques, another factor helped the company extend its services to more people—the introduction of the automobile.

With its arrival, all but the real frontier agents could abandon their skiffs, put their horses to pasture, and travel with greater speed and comfort. But for some, there were misgivings about the auto's role. Wrote a Nova Scotia manager: "I am satisfied that in the proper section of the country a car would be a useful aid, always provided that the agent looks at it from the utilitarian standpoint and does not allow the attraction of the car to take up too much of his time in other directions than the securing of business".

Most agents, however, favored the new-fangled machine. In an issue of the company magazine devoted to its advantages, a general agent commented: "I have found in travelling the country that very often you find a man in a field or in some place where it is not comfortable, and if you offer him a seat in the car by asking the local agent to

step out and make room for the prospect, the car is very valuable because you can furnish him with a comfortable seat with the agent standing on the step with his hand on the latch, not allowing the prospect to get out until we have secured the application".

In 1917 the company passed its seventieth anniversary while Canada marked its fiftieth. Despite the economic effect of wartime restrictions, Canada Life recorded an impressive year of service with the amount of new protection placed greater than ever. In contrast with many competitors, the company did not reduce the dividends paid to policyholders.

With Europe ravaged by war, Canada Life arranged to keep in force policies held by those owners who were on active service abroad and had been unable to keep up their premiums. The world-wide influenza epidemic, starting in the final months of the war, actually caused a far greater volume of claims than the war itself.

The company made heavy subscriptions for those times to the Canada war loan and the victory loan —about $35 million by 1918. A further $3 million was placed in British and other government notes and substantial donations were made to the Red Cross and other organizations. Also on the investment side, Canada Life increased its holdings of high-grade bonds and debentures. There was brisk activity in real estate in western Canada and the company's mortgage investment offices were busy there.

In the United States, where the war eventually reduced the available manpower, those company agents who remained at home also contributed to the Allied cause. In Chicago, the Canada Life manager and other British sympathizers collected money to purchase a fighter aircraft for the European front.

After the Armistice of November 1918, Canada Life looked forward to a quickening in the tempo of economic life. It was not disappointed. The next year brought a bonanza in new business as Canadians resumed their jobs and found themselves with money to spend on the protection they needed.

In Great Britain, where Canada Life had been one of the few companies to maintain its dividends during the war, new business doubled in one year from 1919 to 1920. A further encouraging sign

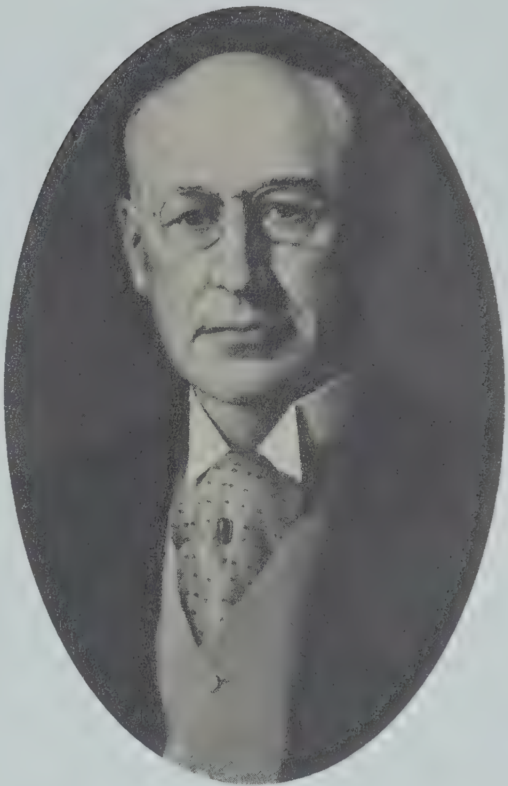
EDWARD W. COX
President, 1914

The first Canada Life policy sold in British Columbia dates back to 1883, many years before Vancouver's first big land boom. By the turn of the century, the great potential of the Pacific Coast had been envisioned by the company's president, Senator George Cox.

was a rise in the interest rate earned by the company's investments.

From the home office in Toronto, new services were being launched that had an immediate impact on the post-war growth of the company. One of the most important innovations was group life insurance.

The idea had originated in New York State about nine years before, and the first Canadian group policy was issued in November 1919. Aware of the far-reaching potential in this field, Canada Life secured its first group contract a few weeks later, when three hundred workers of a leather company were insured for a total of $300,000. (This contract stayed in force for more than forty years until the company was bought by a larger organization.) Within months, the first municipal contract was written covering employees of the City of Calgary for a million dollars. This is still in force and has grown through the years just as the total volume of employee benefit plans has done. By 1928 Canada Life had over $100 million of group life insurance in force and this figure has now risen to around $3 billion.



HERBERT C. COX
President, 1914-1928

In 1920, Canada Life's operations came under scrutiny in several states where the life industry was being examined. Insurance commissioners from Michigan, Illinois, Pennsylvania and Minnesota spent several weeks in the home office. The inquiries had two consistent results: confirmation of the company's financial soundness and approval of its selection of investments and service to policyholders.

An event of great significance that year was the company's Diamond Jubilee. It celebrated seventy-five years in business by setting records. An objective of $75 million in new business for the year was exceeded by over $2 million. The directors' faith in the increasing demand for insurance services was shown by the company's entry in several more states, including California. Soon it was represented on the Pacific coast from the Mexican border to Prince Rupert, B.C.

In 1922, Canada Life was one of the pioneers in introducing non-medical life insurance. This simplified the placing of insurance, up to certain amounts, on the lives of people in good health.

By the time the first quarter of the Twentieth Century had passed, the company had increased its annual new business by twenty times, its assets fivefold and payments to policyholders sixfold.

The company was receiving widespread acceptance in the United States. In 1926, Canada Life re-entered New York State where it has recorded a consistently high level of performance. Until very recently, it was the only life insurance company licensed and actively doing business there, with a home office outside of the United States. Another Canadian company is now in the state.

Although the third member of the Cox family to run the company's affairs had started in an unfavorable environment, he had strengthened

Canada Life at a time when it faced a serious threat of losing ground. Herbert Cox, who had liberalized and greatly expanded the company's services, himself pointed out in the 81st annual report of January 1928, that life insurance not only provides protection, but it "makes each policyholder a shareholder in the most diversified investment trust in existence".

Later that year he submitted his resignation as president. Although he was elected chairman of the board, his departure from the chief executive post was felt deeply by the many people who valued the contributions he and other members of the Cox family had made to the progress of Canada Life.

In 1877 the first flour mill in western Canada was established at St. Boniface, Manitoba. Within a few years, Canada Life was very active in this area.

A Time of Testing

The year 1928 was marked by flourishing commerce and negligible unemployment. The stock market was hyper-active, share prices were high, and the Canadian prairies were supplying fifty per cent of the world's wheat needs. Canada Life had lost a popular president in July, but the directors had the utmost faith in Herbert Cox's successor. He was the Hon. Leighton Goldie McCarthy, a distinguished lawyer, a former Member of Parliament, and a director, vice-president and general counsel of the company.

There was no doubt that Leighton McCarthy was a leader of men. He had played a significant role in developing some major companies in Canada and held directorships in a number of others. Yet he was no stranger to Canada Life. In 1906, as a comparatively young man, he had represented the company at the government insurance commission hearings. Four years later he had been elected to the board of directors and by 1916 was general counsel.

His election to the presidency coincided with the company's acquisition of property for a new home office building in Toronto. The site, at University Avenue and Queen Street West, was excellent. The directors showed great foresight, for the Canada Life building is now a dominant feature of that city's most impressive thoroughfare and adjoins the new Civic Square. The staff at 46 King Street West—which by 1928 had overflowed into four neighboring buildings—looked forward eagerly to working more efficiently under one roof.

Late in the year, some faint shadows began to appear on the bright picture of prosperity, but very few people took notice.

Under Leighton McCarthy, Canada Life continued to progress. Those attending the January 1929 annual meeting heard an excellent financial report. However, the president's closest friends were aware of his doubts regarding an economy that he considered over-extended and unduly speculative.

To counterbalance these fears, he laid great stress on the company's investment structure, insisting that it embrace both stability and integrity. "One of the most important features in the success of a life insurance company is the character of the securities in which its funds are placed and the net rate of interest they yield," he said.

The new president's fears about the global economy were justified. When share prices dipped drastically on the New York Stock Exchange on October 24th, 1929, the world was stunned. As the decline gained momentum, speculators lost their nerve and flooded the market with their holdings. The climax came with the stock market crash of Black Tuesday, the 29th.

Thousands of investors, big and small, were financially ruined. Doubt and depression gripped North America. One worker in every four lost his job. Bread lines formed and soup kitchens fed hundreds of thousands. On the Canadian prairies, land values declined fifty per cent below those of the previous decade and for many it was cheaper to abandon their properties than struggle to maintain

mortgages on reduced incomes. Tax revenues dropped and the vast sums of money required for unemployment relief imposed severe strains on the economy.

Just fifteen months after he assumed the presidency, Leighton McCarthy found himself responsible for the affairs of the company at a time when virtually every sector of the Canadian economy was in a state of shock—and the life insurance industry was no exception. People were so short of ready cash that many were forced to borrow on policies and, much worse, many allowed them to lapse. The industry also experienced a marked decline in the interest rates earned on its securities.

When Canada Life's 626 employees moved into the new home office in March 1931, widespread public gloom and a continuing decline in company business marred what normally would have been a gala occasion. The structure, towering 280 feet above street level, was University Avenue's highest at that time—and it is still one of Toronto's most impressive architectural landmarks. Its completion, which coincided with the depths of the Depression, symbolized Canada Life's faith in its country's future and in the lasting value of life insurance.

Across the Atlantic in Britain, new quarters were also opened in the early part of 1932, when an extensive addition to the St. James's Square office was completed.

In Canada, president McCarthy and his management team fought hard to minimize the company's losses. But in the face of a decline in per capita income of nearly fifty per cent (Saskatchewan's dropped over seventy per cent), they were bucking impossible odds. In 1932 the volume of new insurance written fell to half the level attained in the last two pre-Depression years.

Leighton McCarthy tried to bolster policyholders' confidence by reiterating that "we believe that our first duty is to safeguard our contracts against all eventualities". But there was widespread skepticism about the ability of even the major financial institutions to survive.

However, life companies were able to provide a vital service to a public badly pressed for funds. Loans on policies and cash surrender values were made available as a source of income for the insured. Canada Life estimated that in the first

THE HON. LEIGHTON G. McCARTHY
President, 1928-1938

four years of the Depression, it paid out more than $106 million—about $73,000 a day (the industry in the United States and Canada paid out a total of $6.5 billion to policyholders over a three-year period).

The company took further measures to deal with the financial emergency. Dividends were reduced and the additional demands by policyholders for ready cash were covered by an increase in the money normally held in reserve. Also the salaries of officers and senior staff were cut.

Canada Life's low point was reached in 1934. The amount of new insurance was only one-third the total written in the year Leighton McCarthy had become president. Earnings on assets continued to drop. It is clear now that things did not become worse because Canada Life had a sound investment program and took decisive measures that enabled it to survive the Depression with its guarantees to policyholders unshaken.

By 1934, Canada's exports were once again increasing—even though foreign trade was hampered by nations exercising cautious and strongly restrictive national policies. Incomes remained low—a fact reflected in the below-average rate of new business generated by the life insurance industry. But nevertheless, returning prosperity was indicated by a twenty per cent drop in requests for surrender values of Canada Life policies during the following year.

Public confidence grew, business activity quickened. Towards the end of 1936, Canada Life's assets exceeded $250 million for the first time. It had taken half a century to push them to $18 million, but in the next forty years they had increased fourteen times. Although interest rates remained low and the volume of new business was still under par, the pioneer company felt justifiably proud on reaching its ninetieth birthday in 1937.

Canada's first life company had weathered the severest test of its ability to withstand economic and financial fluctuations. But the cold, impersonal figures of the balance sheet give no indication of the hard work behind that accomplishment. It was one of the major achievements in the career of Leighton McCarthy, a man distinguished as a lawyer, a financier, and later as a diplomat.

As 1938 dawned—a decade after Leighton McCarthy's rise to the presidency—Canada was safely on the road to economic recovery. Admittedly, there was uneasiness in Europe, but the country and the company concentrated on achieving the levels enjoyed before the 1929 crash. In short, the heavy responsibility that the president had borne for a decade had eased.

He was now sixty-eight and had been associated with the company for over thirty years. In July 1938, his resignation was reluctantly accepted, although he agreed to become chairman of the board, a post he filled for eight years.

But the man of many careers was to shoulder new responsibilities. As Canada emerged as a major nation with increasing political and economic

This etching by Nicholas Hornyansky shows an early view of Canada Life's fourth Home Office building, opened in 1931 in downtown Toronto. It was built in an E-shape to provide maximum natural lighting.

independence, Leighton McCarthy was the logical choice to be its first Ambassador to the United States.

With typical modesty and a touch of humor, the Canada Life chairman commented later on his appointment: "In February 1941, the Prime Minister, rummaging among his antiques, took me from the shelf, dusted me off, burnished me up a bit, created me a Privy Councillor, and as a temporary relief insisted on me going to Washington as our representative."

His personal friendship with President Roosevelt, which had begun years before he became ambassador, undoubtedly played a strong role in cementing good Canada-United States relations and in aiding the Allied war effort.

Toronto got its first horsecar in 1861, when Canada Life agents were travelling to the west by canoe and on horseback. Electric streetcars came to Ontario a quarter-century later.

A Century of Service

Like several of his predecessors, Alfred N. Mitchell took over just as the going got rough.

The directors had elected him to the presidency in July 1938 to succeed the Hon. Leighton McCarthy. With a background of wide experience in the life insurance business, Alfred Mitchell had been general manager of the Federal Life before joining Canada Life in 1915. His selection as chief executive officer of Canada Life culminated eight years as general manager and a director and three as a vice-president.

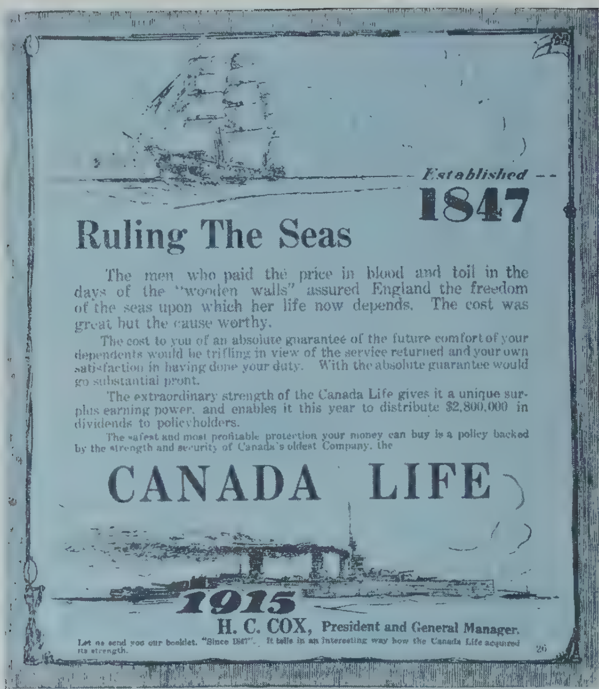
As a career life man with a keen analytical mind and a readiness to acknowledge the capabilities of his associates, Alfred Mitchell had proved invaluable to the company as one of president McCarthy's chief assistants during the Depression. These qualities now had an even greater chance to assert themselves.

Early in 1939, Alfred Mitchell delivered his first annual report as president of the company. This was during the time of disillusionment that followed the Munich Pact. International relations were deteriorating rapidly and public confidence in the future was greatly shaken. Exports and employment were again steadily declining. Despite economic pressures the assets of the Canada Life reached a new record total and the earned interest rate increased slightly.

When World War II broke out in September 1939, members of the staff had just been moved from 2 St. James's Square in London, the chief office of the division serving Great Britain and Ireland. They were relocated in temporary quarters some forty miles away at Hazlemere near High Wycombe. The foresight of this move was dramatically proven in October 1940 when the older, abandoned portion of the chief office received a direct hit from a bomb. Fortunately, there was no loss of life and the newer part of the office, which was still being used for agency purposes, was only slightly damaged.

Canada Life agents around the British Isles learned to live with air raids, blackouts and rationing. A telegram sent from London to home office in Toronto typified the spirit of the times:

October 1940: "British Isles Division sends best wishes for successful autumn - - - - . stop. Cannot have October figures for some days but we shall exceed last October. stop. Every man here doing utmost under very unusual if novel conditions and thanks courage and fighting spirit of those not called up. stop. Our gross new business of all types is equal to ninety-six per cent of last year at same date. stop. - - - - - - Most men also doing national service at night and are all showing determination and vigour typical of Britisher. stop. On a very particular day recently John Lister in gum boots amid smoke and water handed in a new premium he had collected between finishing a night on rescue work and giving us a hand on our own particular job. stop. Convey to all Canadian and American colleagues our warmest greetings and wishes. stop. We are out for victory in every field of activity. stop. Our heads are bloody but unbowed. stop".

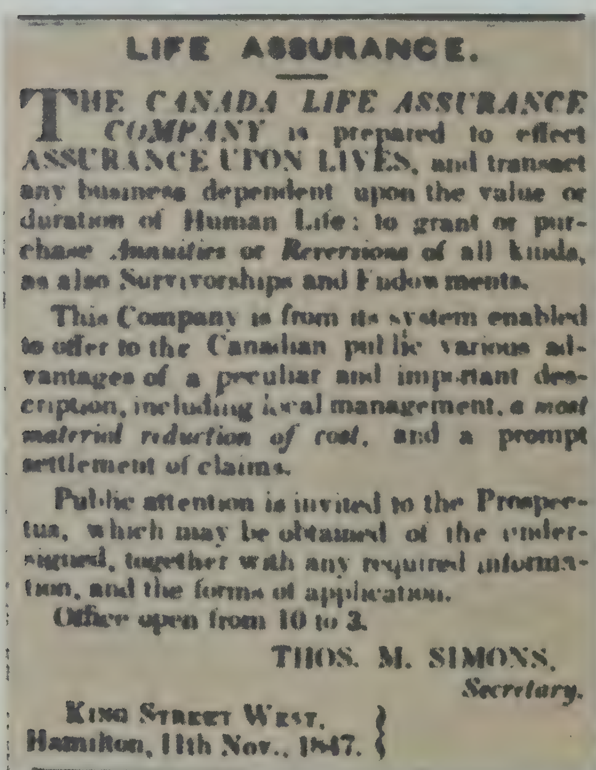


The first advertisement placed by Canada Life appeared in The Hamilton Spectator of November 11, 1847. During the First and Second World Wars, the company devoted many display ads to raising both morale and money in the public service.

Meanwhile, in Canada another kind of war was being fought—against inflation. Alfred Mitchell, like many others, was acutely aware of its dangers, together with other threats to the economy. As president of a major financial institution and of The Canadian Life Insurance Officers Association, he not only had a duty to keep his company out of trouble but he bore a large responsibility to the industry and to Canada. As a result he and other top insurance executives made many public addresses at home and in the United States during the early years of the war. The speeches given by the life men were a true public service. They helped alert the public to the damaging effects of inflation and they drew attention to the low interest rates that were reducing the earnings on the savings of policyholders.

Canada Life, with the background experience of World War I and the Depression, took measures to maintain its services and obligations under wartime conditions.

Despite these efforts, the priorities of the war made the business climate difficult for the company. During 1940, the first full year of the war, less than



LIFE ASSURANCE.

THE *CANADA LIFE ASSURANCE COMPANY* is prepared to effect ASSURANCE UPON LIVES, and transact any business dependent upon the value or duration of Human Life: to grant or purchase *Annuities* or *Reversions* of all kinds, as also Survivorships and Endowments.

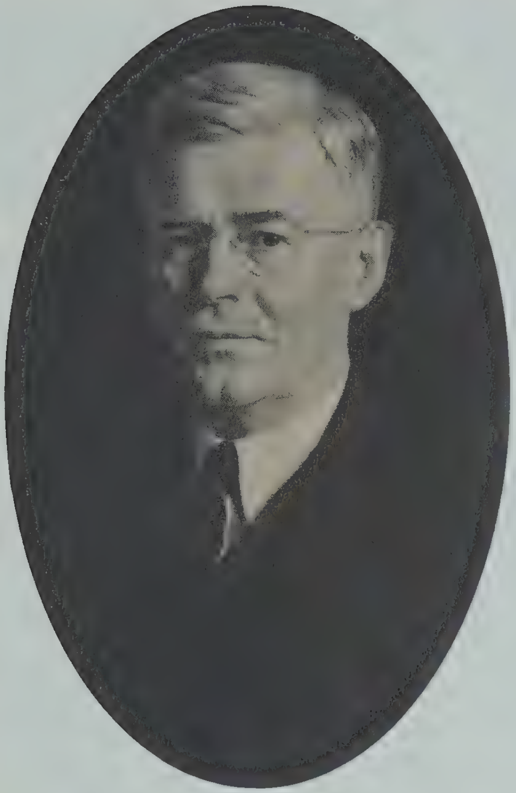
This Company is from its system enabled to offer to the Canadian public various advantages of a peculiar and important description, including local management, a *most material reduction of cost*, and a prompt settlement of claims.

Public attention is invited to the Prospectus, which may be obtained of the undersigned, together with any required information, and the forms of application.

Office open from 10 to 3.

THOS. M. SIMONS,
Secretary.

KING STREET WEST,
Hamilton, 11th Nov., 1847.



ALFRED N. MITCHELL
President, 1938-1946

$35 million of new insurance was placed with Canada Life—a smaller total than in any of the Depression years. However, the confidence of the people in life insurance remained unshaken. While war financing and taxes diverted much of their money, they put increasing amounts into life insurance savings and protection plans. Business in force rose during the succeeding years.

The governments of the countries where Canada Life does business had greatly increased their financing and the company, which in 1939 had twenty-two per cent of its assets in federal securities, raised its investment to fifty per cent by the war's end. Said Alfred Mitchell at this time: "Life insurance not only pipes the savings of the people to the government coffers in time of national need, but it arranges to pipe them back again to the individual citizen at the time of his greatest personal need."

As in World War I, the life companies were active in performing national services. Specialist personnel were loaned to the government and key executives participated in various War Bond drives. President Mitchell himself served in a leading capacity on the national war finance committee which promoted the success of the victory loan program. Members of the field organization helped sell victory bonds to the public. More than four hundred Canada Life men and women were in the armed forces of their respective countries.

When the war ended, Alfred Mitchell stayed in command long enough to announce an increase in dividends to policyholders and the establishment of refresher courses for veterans returning to the company. He retired as president in March 1946. Elected chairman of the board, he remained a director until he died in his eighty-seventh year in 1963.

His successor—St. Clair McEvenue, a vice-president who had been general manager since 1938—had the pleasure of presiding over the company's 100th annual meeting in January 1947. Prospects were excellent both for the country and the company, with the economy entering a post-war boom and Canada Life's total insurance in force exceeding one billion dollars.

It was time Canada Life had a party and the directors, representatives and staff made sure it was a good one.

And so, one hundred years after Hugh Baker had launched his enterprise in rented rooms at the Mechanics' Institute building in Hamilton, a three-day centennial conference was held in Toronto's

In the 1880's, many cattlemen from the United States moved their herds north into Canada's sparsely-settled prairies. Canada Life men, too, rode horses and lived off the land in those days.

Electric light—in sputtering but efficient carbon lamps—arrived in the northwest frontier town of Edmonton in 1891. Canada Life had policyholders in the west many years before this time.

Royal York Hotel. Agency representatives came from as far as London and Hawaii. Three past presidents attended: Herbert Cox, Leighton McCarthy and Alfred Mitchell. There were Scottish pipers, and special recognition to leading life underwriters for service to policyholders. The Quarter Century Association was inaugurated to honor all members of the company with twenty-five years of service. Then there were one hundred and fifty-nine. Today there are almost five hundred and two-thirds are still active with Canada Life.

It was a happy occasion for Canada Life, a time when Hugh Baker would have been pleased to measure the strength of the organization against the days when he began with half a dozen agents. Now there were 685 full-time representatives and 2,000 employees. Assets stood at $367 million. In its first century of service, the company had received $875 million in premiums and paid out $984 million to policyholders or beneficiaries.

In September, the glow of centennial year was marred by the death of Herbert Cox, former president and chairman of the board, and new clouds were gathering on the economic horizon.

In December 1947, the Canadian cost-of-living index reached 148.3, an increase of nearly fifty per cent over the pre-war base figure of 100. Extremely low interest rates prevailed. In the United States the highest yield on government bonds was 2¼ per cent with returns only slightly higher in Canada and Britain. Officials of the company felt that these economic difficulties were as arduous in many respects as those experienced during 1939-1945. In an attempt to combat the growing inflationary trend, the American and Canadian life companies sponsored nation-wide institutional advertising to inform the public of the dangers.

Conditions brightened in 1948. Canada was clearly gaining strength as an industrial nation. The Alberta oil boom had begun and was destined to make Canada virtually self-sufficient in supplying its oil needs. The steel industry, active in two world wars, was maturing rapidly and pulp and paper exports were rising steadily. Canada had a near-monopoly of the world's nickel and was the largest producer of asbestos and platinum. Iron ore production, negligible until the end of the war, was rapidly increasing. The value of the country's manufacturing exceeded that of most nations.

As the Canadian economy boomed, the company came under the guidance of a new president in January 1948, when failing health forced St. Clair McEvenue to resign.

ST. CLAIR McEVENUE
President, 1946-1948

Elected as his successor was Edwin G. Baker, a dynamic individual not related to the company's founder. He had been a Canada Life director since 1934 and a vice-president for eight years. As chairman of the board of Moore Corporation Limited, a director of the Bank of Canada and several major companies, he was already a busy man. But he brought vigorous leadership to his task and, under his expert administration, the company experienced steady growth, particularly in the United States.

Under president Baker, Canada Life continued to develop its training programs, an area in which it had pioneered. Courses of increasing intensity were provided in Canada, in the United States division and in the division serving the United Kingdom and the Republic of Ireland. These were designed to qualify the representatives to deal with the complex insurance needs of individuals and corporations in the post-war years. Over two decades before, Canada Life had been one of the companies that had supported The American College of Life Underwriters and The Life Underwriters Association of Canada when they developed the series of studies leading to the designation Chartered Life Underwriter (C.L.U.). Members of the office staff in Canada and the United States have worked to attain recognition as Fellows of the Society of Actuaries or of the Life Management Institute, and in Great Britain and Ireland as Fellows of the Institute of Actuaries or of the Chartered Insurance Institute.

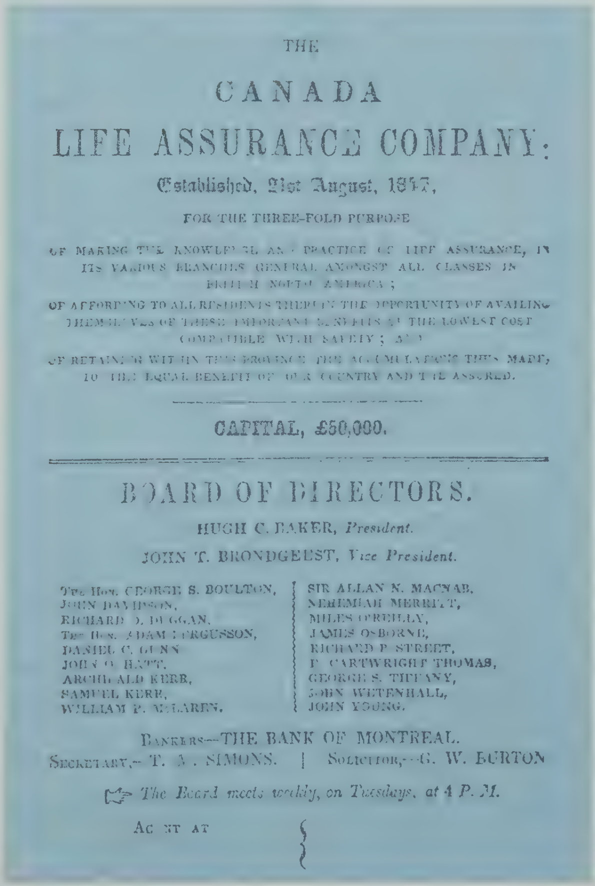
On the administrative side, the board of directors appointed management vice-presidents for the first time. These senior company officers were all full-time employees and each was in charge of a major division of the company.

New life insurance placed in one year set a record of $140 million just before Edwin G. Baker resigned in 1951 to become chairman of the board. He was succeeded by Ernest C. Gill, who was director, vice-president and general manager.

A brilliant mathematician, president Gill had been a gold medallist at Queen's University. Fortunately for Canada Life, he had worked for the company during his college vacations and decided to join the actuarial department full-time in 1923 at a salary of $50 a month. A Fellow of the Society of

Electric streetcars came to Winnipeg in 1892 when Canada Life was already an international organization with a thriving new United States division.

Canada Life introduced itself to the public in 1847 with a modest, 12-page prospectus. It published the names of its 20 directors, pointed to its subscribed capital of £50,000 and earnestly outlined its services.



THE

CANADA

LIFE ASSURANCE COMPANY:

Established, 21st August, 1847,

FOR THE THREE-FOLD PURPOSE

OF MAKING THE KNOWLEDGE AND PRACTICE OF LIFE ASSURANCE, IN ITS VARIOUS BRANCHES GENERAL AMONGST ALL CLASSES IN BRITISH NORTH AMERICA;

OF AFFORDING TO ALL RESIDENTS THEREIN THE OPPORTUNITY OF AVAILING THEMSELVES OF THESE IMPORTANT BENEFITS AT THE LOWEST COST COMPATIBLE WITH SAFETY; AND

OF RETAINING WITHIN THIS PROVINCE THE ACCUMULATIONS THUS MADE, TO THE EQUAL BENEFIT OF OUR COUNTRY AND THE ASSURED.

CAPITAL, £50,000.

BOARD OF DIRECTORS.

HUGH C. BAKER, *President.*

JOHN T. BRONDGEEST, *Vice President.*

The Hon. GEORGE S. BOULTON,	SIR ALLAN N. MACNAB,
JOHN DAVIDSON,	NEHEMIAH MERRITT,
RICHARD J. DUGGAN,	MILES O'REILLY,
The Hon. ADAM FERGUSSON,	JAMES OSBORNE,
DANIEL C. GUNN	RICHARD P. STREET,
JOHN O. HATT,	F. CARTWRIGHT THOMAS,
ARCHIBALD KERR,	GEORGE S. TIFFANY,
SAMUEL KERR,	JOHN WETENHALL,
WILLIAM P. McLAREN.	JOHN YOUNG.

BANKERS—THE BANK OF MONTREAL.

SECRETARY,—T. A. SIMONS. | SOLICITOR,—G. W. BURTON

☞ *The Board meets weekly, on Tuesdays, at 4 P. M.*

AGENT AT

EDWIN G. BAKER
President, 1948-1951

Actuaries, he had close ties with the investment operation and in the late 1920's he organized the investment research department. Becoming president at forty-seven, he was one of the youngest men ever to hold the top office in a major Canadian life company. He assumed this responsibility at a time when business activity was high and he guided the company's expansion in the real estate and mortgage loan fields.

In the area of service to policyholders, the progress experienced under the leadership of Edwin Baker and Ernest Gill was comparable to the major advance of the George Cox regime. By the beginning of 1953 there were thirty-three branch offices and fourteen mortgage offices in Canada, and twenty-three branch offices in the United Kingdom and the Republic of Ireland. Agencies and branches were busy in fifteen American states, the District of Columbia and Hawaii. At this time the growth rate for the Canadian life insurance industry was about ten per cent to Canada Life's seventeen per cent. In the United States vigorous expansion led to a thirty-four per cent gain in Canada Life's new ordinary life business, compared with an industry-wide growth rate of thirteen per cent. In the United Kingdom and the Republic of Ireland the company's gain was double that of the industry.

The wisdom of using a knowledgeable field organization was demonstrated by the fact that by 1952 each of 223 company representatives had over one million dollars of insurance in force. In the same year, fourteen of them were honored by membership in the National Association of Life Underwriters' Million Dollar Round Table (each had placed at least one million dollars' worth of new life insurance in twelve months). Canada Life had more representatives at the Round Table than any other Canadian life company.

As a public service, Canada Life in 1951 established its now familiar electrically-operated weather beacon atop the tower of the Toronto home office. Some 320 feet above street level, it was the first of its kind in Canada and its popularity led to the construction of a second beacon in Montreal.

A major decision in 1951 was a split of the company's capital stock. Ten thousand shares, with a par value of $100 each, were split on a 10-to-1 basis. This created a more convenient and workable price level for buyers and sellers of the stocks.

In October 1952, the company was saddened by the death of Leighton McCarthy at his vacation home by Ontario's Georgian Bay. One of the scores of press tributes that followed stated: "In his death Canada loses a citizen who served her well".

A year later on October 2nd, 1953, Canada Life recognized what a leading paper called a "once-in-a-lifetime milestone"—the issuance of its 1,000,000th policy. The event was marked by a presentation at the home office when president Gill handed the policy to Melville M. Brodie of Ancaster, Ontario.

Small Things Grow Great

The Canadian insurance law was amended one hundred and ten years after founder Hugh Cossart Baker had been balked in his effort to launch Canada Life as a mutual company. The federal legislation of December 1957 provided the opportunity to fulfil Hugh Baker's hopes for a company in which all the assets were owned by the policyholders. Under the Canadian and British Insurance Companies Act stock companies could now be mutualized. This did not affect companies that had been mutual since their inception.

This became the focal point of president E. C. Gill's activity for the next two years. He took a deep personal interest in ensuring the smooth and efficient transition of the company to mutual status.

The decision to make the founder's dream a reality was not reached for sentimental reasons. Months of comprehensive actuarial and investment calculations had proven conclusively that mutualization would bring financial advantages to both policyholders and shareholders.

The first major step was the establishment of an equitable offering price for Canada Life shares. The determination of this required the closest coordination between a committee of the board of directors representing policyholders and a team of senior company officials, headed by Ernest Gill.

The figure of $220 per share was approved by the federal Superintendent of Insurance and the Minister of Finance. The board of directors unanimously sanctioned a bylaw establishing the mutualization plan and this was made effective at a special general meeting of the company held in March 1959. The final go-ahead was obtained from the federal Treasury Board.

The policyholders—either by proxy or in person at the special meeting—cast 107,000 votes in favor of mutualization, and only 22 against. Eighty-three per cent of all shareholders voted in favor of the motion and none against. The company proceeded to redeem the 100,000 existing shares at the approved price and mutualization was accomplished quickly and smoothly.

So well-planned was the operation that three months after the vote only 2,221 shares were outstanding. Half of these were held by a single estate, then in process of being settled by executors. The rest were owned by 22 people—including an Irish clergyman who repeatedly stated his determination to hang on to his stocks. Under legislation, a company that has acquired ninety per cent of its shares can declare itself mutualized and pay off the balance of the shareholders at the price already received by the large majority. Canada Life promptly did so.

Shareholders received a capital gain that was well above average. Company officials estimated that, at the then current growth rate of the shares, the stock would have taken about eight years to reach an intrinsic value equal to the price that was paid.

The shareholders received $22 million. Of this amount $2 million was already standing in the shareholders' name on the company's books. Therefore, the real cost of the purchase to the policyholders was $20 million.

Policyholders, too, realized a steadily increasing annual gain. It was calculated that at the time of mutualization the value of future profits that normally would have gone to the shareholders was at least $45 million. The shares actually cost the policyholders $20 million. Therefore, their potential gain by mutualization was $45 million minus $20 million or $25 million.

Hugh Baker would have been pleased with the announcement in the Toronto press: "Mutualization of the shares of The Canada Life Assurance Company removes from trading one of the first stocks to be listed at the formation of the Toronto Stock Exchange in 1852 . . . "

Continuing the company's tradition of progress based on sound planning, president Gill announced the formation of a special group early in 1959. Its assignment: study and plan a conversion to electronic data processing.

This group had a solid basis on which to build. For many years Canada Life and its policyholders had benefited from one of the most completely integrated punch-card systems in the life insurance business. A pioneer in this centralized form of accounting, the company could afford to wait and watch others and profit from their experiences as they gradually introduced electronic equipment.

When Canada Life took the plunge it went all the way. Instead of adopting a bits-and-pieces approach, the company decided early in 1964 to convert its total ordinary business at one time. That meant a changeover of some 460,000 individual policies. The systems developed for Canada Life were more comprehensive than those of most, if not all, other companies.

Probably one of the largest one-shot conversions of its kind to electronic data processing, it involved tackling simultaneously the problems of differing currencies and practices in three main geographical areas—Canada, the United States, and the United Kingdom and the Republic of Ireland.

Thus Canada Life greatly increased its opportunities for improved service to policyholders and over the course of the year that followed only a very few experienced inconveniences or delays. Through the co-operation and understanding of policyholders, the transition was a smooth and efficient operation.

ERNEST C. GILL
President, 1951-1964

Electronic data processing has done away with much monotonous, routine clerical drudgery and has upgraded the work of the staffs at home office and in the branches.

The systems have been designed to process accurately and at great speeds the tremendous volume of transactions that arise in a large life company. They give prompt service to policyholders and to the life underwriters. Also the members of the management team are assisted in reaching decisions by having access to complete, accurate and up-to-date information.

In contrast with the early days when policies were written by hand, a policy can now be prepared and all the records set up on the very day the application comes in. Benefit payments to families and pension payments roll off at incredible speed in long, continuous forms.

A premium processing office has been set up as a home office department to serve policyholders most efficiently with this new equipment. This centralizes the collection of premiums and provides other important services for policyholders.

However, while concentrating on refining and developing the use of this versatile electronic equipment, the people at Canada Life have never forgotten that proper life insurance planning is "as personal as a fingerprint". The creative use of electronic data processing will in no way reduce, but rather improve, the personalized service that will continue to be available from local offices and life underwriters.

In January 1964, A. Hazlett Lemmon was appointed president to succeed Ernest C. Gill. A Queen's University mathematics graduate like his predecessor, he joined Canada Life in 1928. Despite his academic background, which normally would have led to an actuarial career, he found himself involved in investment problems.

By 1940 he was a company officer and assistant treasurer. He moved up the ladder and was a director and executive vice-president and treasurer before his election as chief executive. Under his strong leadership, the company's assets have continued to grow and the net return on them has risen steadily. His belief in the basic importance of the agency network is also evident. In a fifteen-year span from 1950 through 1965 under presidents E. G. Baker, E. C. Gill and A. H. Lemmon, the United States operation moved ahead dramatically. In 1950, there were twenty-two offices responsible for $22 million of new business. By 1965 this had increased to more than sixty offices and $151 million of new life insurance.

Canada Life's story continues to be one of constant change and improvement. In today's fast-moving world, no industry or company can afford to rest on the record of past achievements—unless it wants to lose ground. This has proven particularly true in life insurance where the constant drive to provide quality service has brought Canada Life from the handwritten policies of Hugh Baker's era to the electronic data processing of today.

The founder's spirit of inquiry is emulated by the professional and business men and women who have found challenging careers with Canada Life. There are doctors, lawyers, marketing men, executives, actuaries, electronic specialists, accountants, tax experts, investment specialists in bonds, debentures, equities, mortgages and real estate, and underwriting specialists—to mention but a few. They study to increase their knowledge and their

The mother pelican feeding its young remains the official crest of Canada Life. But an informal symbol now widely used in company advertising is an engaging owl, coupled with the slogan: "Insurance services as personal as a fingerprint."

The Home Office weather beacon, more than 300 feet above University Avenue, has been a familiar landmark for Torontonians since 1951. A second Canada Life beacon, also providing the weather forecast at a glance, is in Montreal.

skills continually as they build a dynamic company on behalf of the policyholders who are the owners.

President Lemmon puts it this way: "Life insurance is one of the most competitive businesses in the world. Insurance buyers, indeed buyers in every field, are getting more sophisticated every year. No longer are they satisfied with the simple life policies that the company sold a hundred years ago. In other words, our product is basically the same—but it is constantly being improved in accordance with man's changing needs".

Tracing through the pages of Canada Life's success story it is apparent that its achievements have been largely attributable to the consistently high quality of its own personnel—in the field, branches and home office. Today's team is no exception; indeed, its management can be regarded as one of the strongest in the company's long history. It is led by A. Hazlett Lemmon as president and chief executive officer; an outstanding banker and financier of international repute, Graham F. Towers, as chairman of the board; and Ernest C. Gill as vice-chairman of the board.

No longer does Canada Life face the task that confronted its founder: how to educate a pioneering nation to accept the need for life insurance. The real challenge today is the unprecedented competition for business and the problem of convincing people that all life companies and their services are not the same. In other words, that Canada Life does offer more.

Chairman Graham F. Towers—who was the first Governor of the Bank of Canada and was an Alternate Governor of the International Monetary Fund—says: "It is not sufficient to offer the public the plans they need and want; these plans must be properly sold and serviced by capable, efficient and well-trained people".

More than thirty-five years before, Leighton McCarthy had declared: "We are, one and all, proud of the traditions of this company, whose motto has been conservative progress together with liberal interpretations. Might I bespeak the continued co-operation, loyalty and help of all, in which event my firm conviction is that this great institution will continue its triumphant progress and achieve still greater success".

Canada Life believes in quality of personnel rather than quantity. Its employees and representatives total only 3,500. Yet they serve with distinction a multitude of policyholders on two continents.

GRAHAM F. TOWERS, C.M.G.
Chairman of the Board

The benefits that the company guarantees to pay out in the future now exceed seven billion dollars of life insurance and annuities in force. The amount of protection and savings arranged on behalf of policyholders now totals more than three-quarters of a billion dollars annually. Assets are well over one billion dollars and the net rate of interest earned has climbed since 1947. This helps reduce the cost of life insurance to policyholders.

More than fifty Canada Life branches serve Canadians. In the United States Division there are over sixty branches and general agencies in thirty-five states and the District of Columbia. The Division serving the United Kingdom and the Republic of Ireland has more than twenty-five offices and their chief office is in London.

The divisions are companies within a company—and the assets held for the protection of policyholders in these countries are more than sufficient to cover the liabilities to them. No fluctuation in foreign exchange can affect the company's guarantees to policyholders.

Offices concentrating on employer-employee benefit plans and mortgage offices are in strategic locations. In the field of estate analysis, Canada Life skilled specialists co-operate with lawyers and accountants.

The company endeavors to be a good citizen in all of the countries where it is established. An example was the acceptance by president Gill of the request of Canada's Prime Minister to head a Committee of Inquiry into the Unemployment Insurance Act in the early 1960's.

Along with other life companies, Canada Life has joined in the sponsorship of Meditheatre in the Man and His Health pavilion at Expo 67, the world exhibition in Montreal.

As its own principal project honoring Canada's Centennial, the company donated one of the world's most powerful electron microscopes to the country's leading cancer research centre, Princess Margaret Hospital in Toronto. This microscope enables an operator at a desk-type console to magnify a specimen up to 500,000 diameters on a viewing screen for analysis. The instrument is capable of a higher degree of magnification than was previously possible. It will help Canadian pathologists and other scientists make a continuing contribution to the international war against cancer, arthritis, muscle degeneration, and diseases of the kidney, liver and skin. Strong support for medical research has long been a Canada Life concern.

The Canada Life story has been—and continues to be—one of challenge, a constant challenge to all of its members to provide what president A. Hazlett Lemmon calls "that vital bridge between the aspirations of our policyholders and the means by which they can attain their objectives".

A. HAZLETT LEMMON
President

The chief purpose of this Company, its justification for existence and its prime function, in the words of Hugh Baker, is to extend to our fellow-citizens the 'comforting protection of life assurance'. All our assets are but the savings of the people, left with us for a while, to be repaid later on at a time when they will be needed more. We have been trusted with those funds. That sense of trusteeship has governed for one hundred years the deliberations and actions of Canada Life and will continue to govern it so long as this Company exists.

—President S. C. McEvenue, 1947.

CANADA LIFE TERRITORY TODAY

Canada Life offices and agencies today serve the whole of Canada; the United Kingdom and the Republic of Ireland; and 35 American States, including Hawaii, plus the District of Columbia.